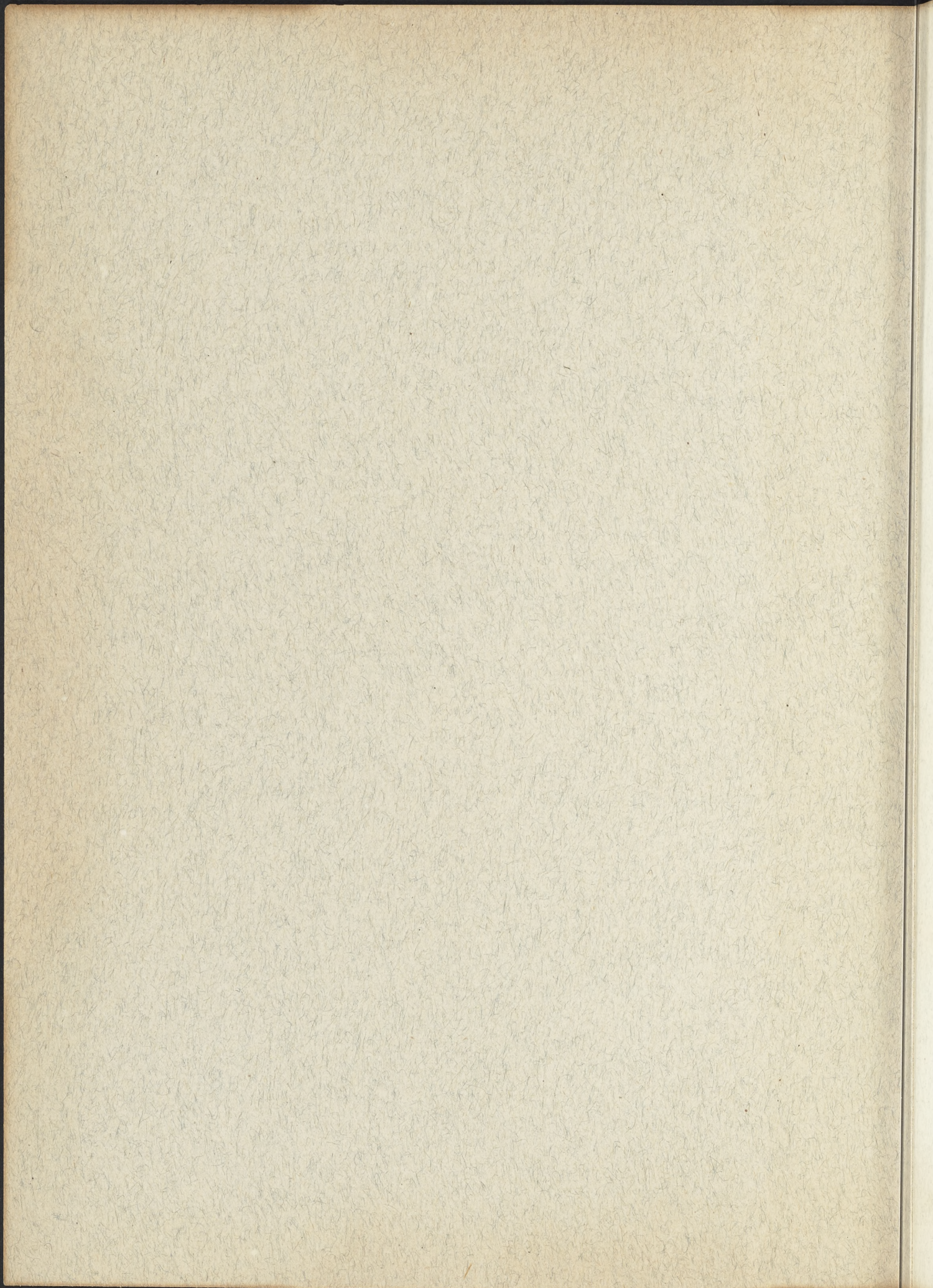


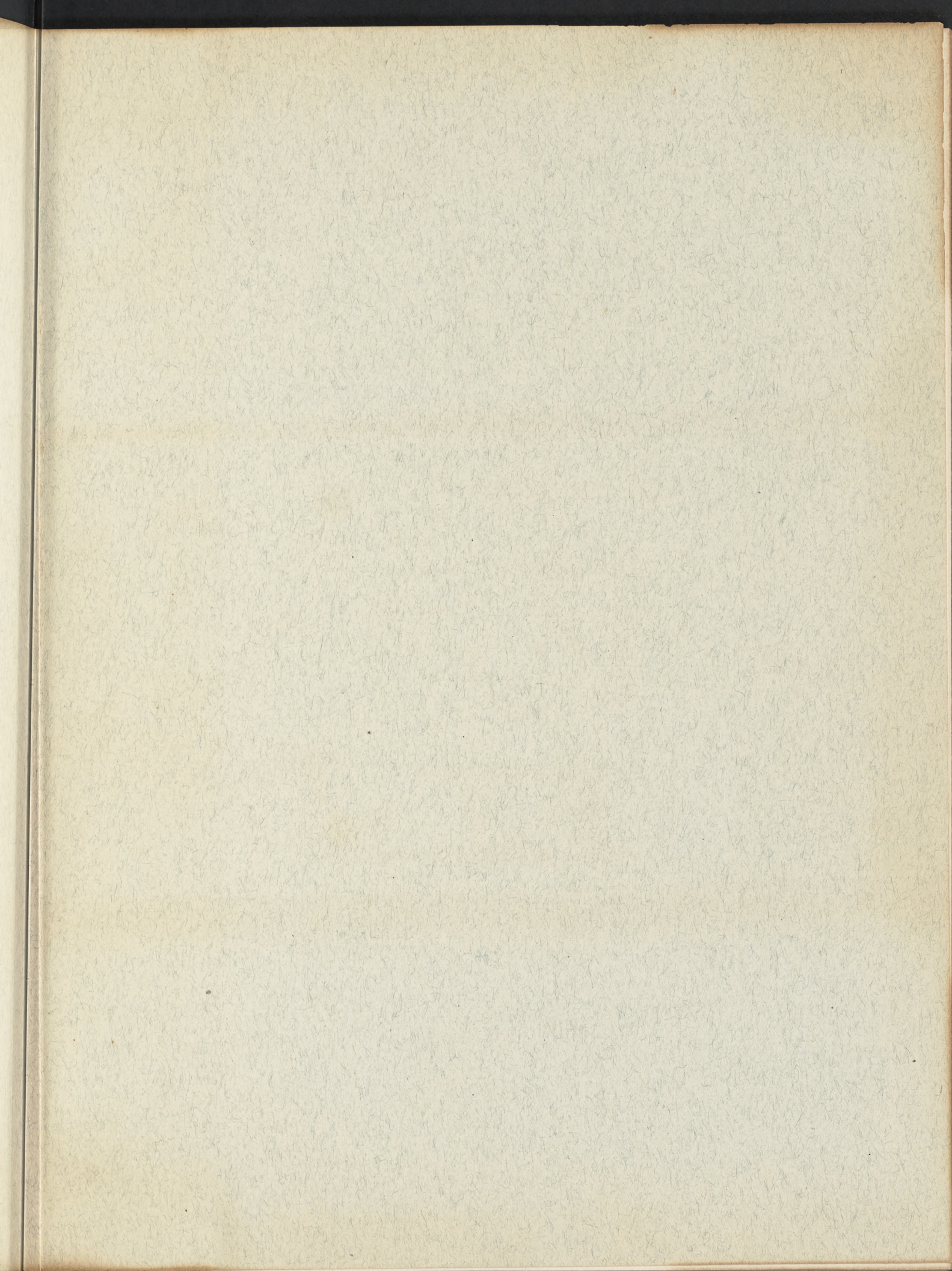


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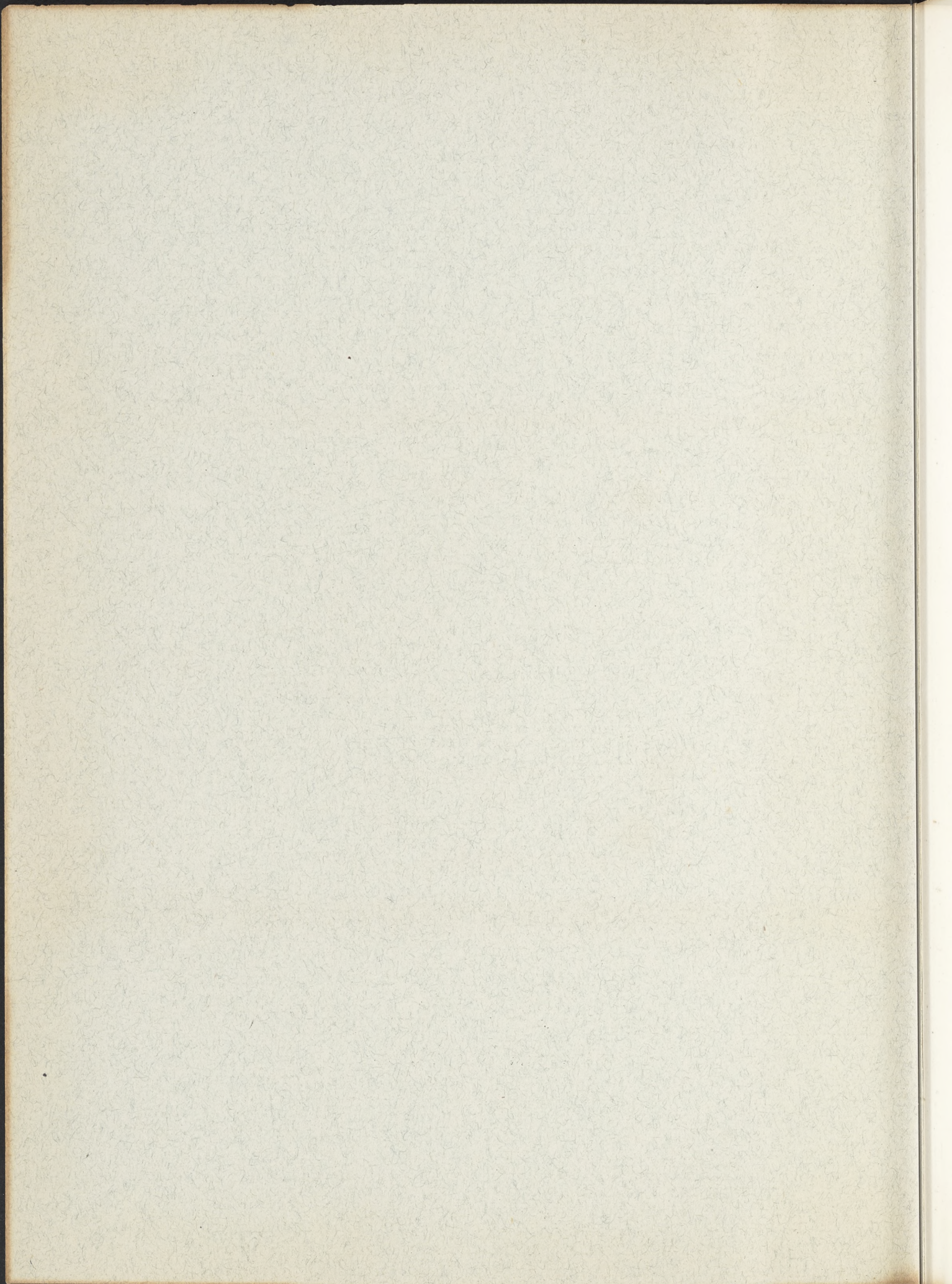








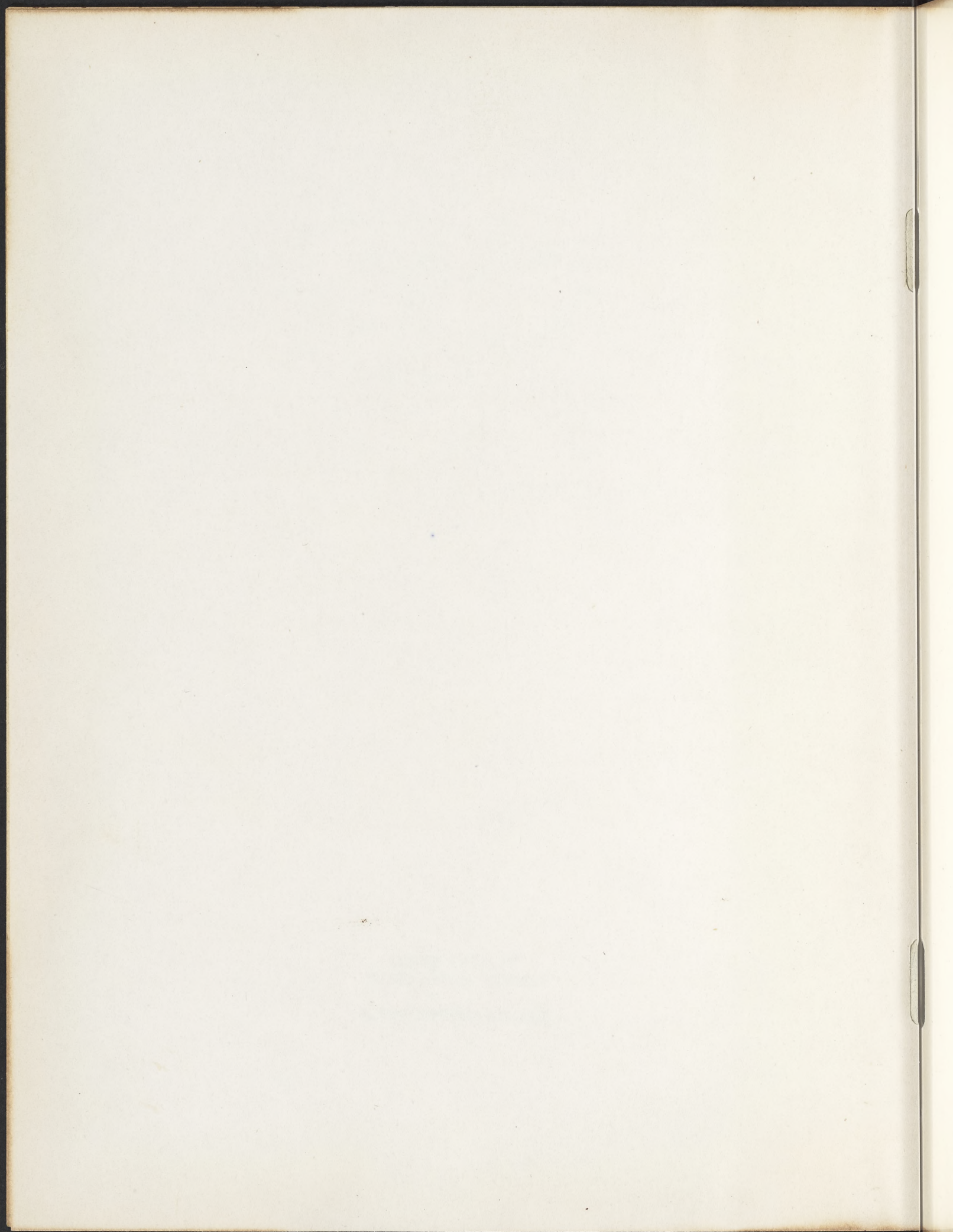






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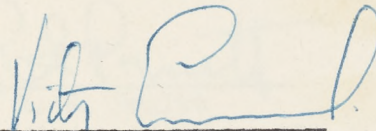


Vol 12

WAIVER OF NOTICE

The undersigned, Victor Emanuel, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Thursday, January 9, 1947, at 4:30 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at New York, New York, January 8, 1947.



Victor Emanuel



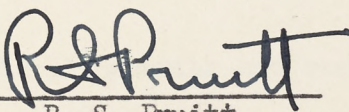




WAVER OF NOTICE

The undersigned, R. S. Pruitt, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Thursday, January 9, 1947, at 4:30 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at New York, New York, January 8, 1947.

  
R. S. Pruitt







MINUTES OF A SPECIAL MEETING OF THE  
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD THURSDAY, JANUARY 9, 1947

A special meeting of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation was held at the office of the company, 3165 Pacific Highway, San Diego, California, on Thursday, January 9, 1947, at 4:30 p.m. Pacific Standard Time, pursuant to a written waiver of notice and consent to the meeting signed by all of the absent members of the Executive Committee fixing the time and the place, and waiving the notice and the purposes of the meeting.

The following members of the Executive Committee were present in person which constituted a quorum:

I. B. Babcock	W. A. Blees
H. Woodhead	V. C. Schorlemmer
I. M. Laddon	

Mr. I. B. Babcock, Chairman of the Board, presided at the meeting, and Mr. V. C. Schorlemmer, Vice President, acted as Secretary and recorded the minutes.

1. Mr. Babcock stated that this meeting had been called for the purpose of considering a proposal that the company purchase the premises located at 1612 K Street, Northwest, Washington, D. C. presently occupied by the company as a Washington Office. After discussion and due consideration, a motion made and unanimously carried authorized the officers of the company to purchase the property at 1612 K Street, Northwest, Washington, D. C. presently occupied by the company as a Washington Office at a total cost to the company of not to exceed \$150,000.

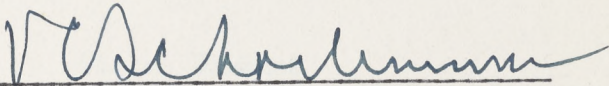




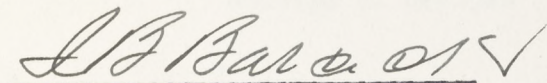


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2. There being no further business to come before the meeting  
it was thereupon adjourned.

  
V. C. Schorlemmer, Acting Secretary

APPROVED:

  
I. B. Babcock, Chairman







January 17, 1947

To:	George E. Allen	Victor Emanuel
	Irving B. Babcock	John Hertz
	Neal Dow Becker	J. Mason Houghland
	Francis A. Callery	Louis A. Johnson
	C. Coburn Darling	Donald N. McDonnell
	Rudolph H. Deetjen	R. S. Pruitt

Mr. Babcock has instructed me to notify you that a regular meeting of the Board of Directors of this company will be held at 2 p.m. Pacific Standard Time, on Saturday, February 1, 1947, at the office of the company at San Diego, California.

Transportation will be provided on company airplane AM-927 leaving La Guardia Field, New York, at 9:30 a.m. Eastern Standard Time, Wednesday, January 29, 1947, stopping at Nashville and then proceeding to Fort Worth for an overnight stop. The airplane will leave Fort Worth on Thursday morning, January 30, and will arrive San Diego shortly after noon. Return transportation will be provided by company airplane AM-927 which will leave San Diego Sunday morning, February 2, for an overnight stop at Fort Worth, and leave Fort Worth Monday morning, February 3, for New York with a stop at Nashville.

Overnight accommodations will be provided at the company guest house at Fort Worth and at the El Cortez Hotel in San Diego.

Please use the accompanying copy of this letter to inform us whether you will attend the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

eb:pw



January 1, 1900

My dear Sir,  
I have the honor to acknowledge the receipt of your letter of the 29th inst. in relation to the matter of the purchase of the land for the proposed road.

I have also the honor to acknowledge the receipt of your letter of the 30th inst. in relation to the same matter.

I am sorry to hear that you are unable to attend to the matter personally, but I am sure that the work will be done in due season.

I have been very busy lately, but I have managed to find some time to devote to the matter. I have been in communication with the proper authorities and have been able to secure the necessary information. I am sure that the work will be done in due season.

I am sure that the work will be done in due season.

I am sure that the work will be done in due season.

I am sure that the work will be done in due season.

I am sure that the work will be done in due season.

I am sure that the work will be done in due season.

I am sure that the work will be done in due season.

I am sure that the work will be done in due season.

I am sure that the work will be done in due season.



January 17, 1947

To: William A. Blee  
I. M. Laddon  
V. C. Schorlemmer  
Harry Woodhead

Mr. Babcock has instructed me to notify you that a regular meeting of the Board of Directors of this company will be held at 2 p.m. Pacific Standard Time, on Saturday, February 1, 1947, at the office of the company at San Diego, California.

Please use the accompanying copy of this letter to inform us whether you will attend the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

eb:pw

January 27, 1947

To: All Directors

The time of the directors' meeting scheduled for 2 p.m. on February 1, 1947, has been changed to 10 a.m. on that day.

W. M. Shanahan, Secretary

eb:pw



January 1, 1907

Mr. J. H. Smith

100 North Main Street

St. Louis, Mo.

Dear Sir: I have the honor to acknowledge the receipt of your letter of the 28th inst. in relation to the matter of the proposed extension of the line of the St. Louis and San Francisco Railway Company from St. Louis to St. Paul, Minn. The same has been forwarded to the proper authorities for their consideration.

I am, Sir, very respectfully,  
Yours very truly,

Wm. H. Smith

General Manager, St. Louis and San Francisco Railway Company

Very truly yours,

WHS

January 1, 1907

Mr. J. H. Smith

The St. Louis and San Francisco Railway Company, St. Louis, Mo.  
The St. Louis and San Francisco Railway Company, St. Louis, Mo.

Very truly yours,

WHS



MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD SATURDAY, FEBRUARY 1, 1947

A regular meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation was held at the general office of the company in San Diego, California, at 10 a.m. Pacific Standard Time on Saturday, February 1, 1947, pursuant to notices given to all the directors in accordance with the By-laws. The following directors were present at the meeting and constituted a quorum for the transaction of business:

George E. Allen	J. Mason Houghland
Irving B. Babcock	I. M. Laddon
William A. Blees	Donald N. McDonnell
Francis A. Callery	R. S. Pruitt
C. Coburn Darling	V. C. Schorlemmer
Victor Emanuel	Harry Woodhead
John Hertz	

Mr. Irving B. Babcock, Chairman, presided at the meeting and Mr. W. M. Shanahan, Secretary, recorded the minutes.

1. The Secretary presented the minutes of the meeting of the Board of Directors held on October 3, 1946, and the minutes of the meetings of the Executive Committee of the Board of Directors held on December 4, 1946, December 12, 1946, and January 9, 1947. After due consideration, the minutes of these meetings were approved as recorded.

In the discussion concerning the minutes of the meeting of the Executive Committee of the Board of Directors held on January 9, 1947, it was stated that the purchase offer that had been made on the Washington, D. C. property had been withdrawn, and that Mr. Allen would investigate the proposition further. However, the minutes were approved so that the officers will have the authority to make the purchase if an advantageous purchase can be negotiated in the near future.



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2. It was then stated that the bank resolutions adopted June 15, 1943, establishing a Washington Petty Cash Account, and the resolutions adopted August 10, 1943, establishing a Dayton Petty Cash Account, should be rescinded inasmuch as these Petty Cash Accounts may now be maintained under the general bank resolutions adopted on May 24, 1946.

Thereupon, the following resolutions were unanimously adopted:

RESOLVED that the resolutions designating the Union Trust Company, Washington, D. C., as a depository of funds of this corporation adopted by this Board of Directors on June 15, 1943, be and the same hereby are rescinded, and that the authorizations contained therein be and they hereby are cancelled and revoked; and be it further

RESOLVED that the resolutions designating The Third National Bank and Trust Company, Dayton, Ohio, as a depository of funds of this corporation adopted by this Board of Directors on August 10, 1943, be and the same hereby are rescinded, and that the authorizations contained therein be and they hereby are cancelled and revoked.

3. It was next stated that the resolutions adopted October 19, 1943, as amended, establishing the contract signing authority of various officers and employees of the corporation, should be further amended, to eliminate from the resolutions the titles of Export Sales Director, Commercial Sales Director, Private Airplane Sales Director, and Assistant Contracts Director, which titles are no longer in use, and to change the titles Contracts Director, Dayton Representative, and Washington Representative, respectively, to the titles Contracts Manager, Dayton Manager, and Washington Manager.

It was also stated that it would be proper to rescind the resolutions adopted October 19, 1943, authorizing the Dayton Representative and the Washington Representative to affix the corporate seal to properly



1. The first thing I noticed when I stepped out of the plane was the cold air. It was a sharp contrast to the warm air of the plane. I had heard that the weather in the mountains was cold, but I didn't realize how cold it would be. I was wearing a light jacket, and I felt a shiver run down my spine. I looked around and saw that everyone else was also wearing heavy coats. I realized that I had underestimated the weather. I had to get a heavier coat as soon as possible. I went to the store and bought a heavy wool coat. I felt much better when I put it on. The cold air was no longer so uncomfortable. I was ready to face the mountains.

2. The second thing I noticed was the beautiful scenery. The mountains were so high and steep, and the valleys were so green. I had heard that the scenery was beautiful, but I didn't realize how beautiful it would be. I was in luck. The weather was perfect. It was not too hot and not too cold. It was just what I needed. I was ready to enjoy the view. I took a walk in the park and saw many beautiful flowers. I was in luck. The weather was perfect. It was not too hot and not too cold. It was just what I needed. I was ready to enjoy the view. I took a walk in the park and saw many beautiful flowers.

3. The third thing I noticed was the friendly people. The people in the mountains were so friendly and helpful. I had heard that the people were friendly, but I didn't realize how friendly they would be. I was in luck. The weather was perfect. It was not too hot and not too cold. It was just what I needed. I was ready to enjoy the view. I took a walk in the park and saw many beautiful flowers.

4. The fourth thing I noticed was the delicious food. The food in the mountains was so delicious. I had heard that the food was delicious, but I didn't realize how delicious it would be. I was in luck. The weather was perfect. It was not too hot and not too cold. It was just what I needed. I was ready to enjoy the view. I took a walk in the park and saw many beautiful flowers.

5. The fifth thing I noticed was the peaceful atmosphere. The atmosphere in the mountains was so peaceful. I had heard that the atmosphere was peaceful, but I didn't realize how peaceful it would be. I was in luck. The weather was perfect. It was not too hot and not too cold. It was just what I needed. I was ready to enjoy the view. I took a walk in the park and saw many beautiful flowers.



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executed contracts and grant this authority to the Dayton Manager and the Washington Manager.

After discussion and due consideration, the following resolutions were unanimously adopted:

RESOLVED that the resolutions adopted October 19, 1943, as amended, establishing the contract signing authority of various officers and employees of the corporation be further amended as follows:

By eliminating from paragraph (a) of the second resolved clause all of subparagraph (1) and the number (2) in the next succeeding subparagraph;

By eliminating from paragraph (b) of the second resolved clause the following named positions:

The Contracts Director (General Office)  
Dayton Representative, Dayton, Ohio  
Washington Representative, Washington, D. C.

and substituting therefor the following:

Contracts Manager  
Dayton Manager, Dayton, Ohio  
Washington Manager, Washington, D. C.;

By eliminating from paragraph (c) of the second resolved clause the following named position:

The Assistant Contracts Director (General Office);

and be it further

RESOLVED that the resolutions adopted on October 19, 1943, authorizing the Dayton Representative and the Washington Representative of the corporation, respectively, to affix the corporate seal to contracts, agreements, and other documents be rescinded; and be it further

RESOLVED that pursuant to authority contained in the Certificate of Incorporation and By-laws of this corporation, the Dayton Manager of the corporation at Dayton, Ohio, and the Washington Manager of the corporation at Washington, D. C., respectively, be and each of them hereby is authorized to affix the corporate seal to contracts, agreements, and other documents subject to the same limitations placed upon the authority of said



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Managers to sign contracts, agreements, and other documents for and in the name of the corporation pursuant to authority contained in resolutions of this Board of Directors adopted on October 19, 1943, as amended; it being hereby understood that such authority to affix the corporate seal to contracts, agreements, and other documents, does not extend to contracts, agreements, or other documents involving a contract value in excess of \$1,000,000 or to any contract, agreement, or document which requires the use of the seal in connection with an attestation or acknowledgment by another official of the corporation.

4. Mr. Blees then stated that the need existed for the authorization of Mr. V. C. Havens, Assistant to Vice President in Charge of Sales, to execute contracts in connection with advertising, sales promotion, and public relations.

After full discussion, the following resolution was unanimously adopted:

RESOLVED that Mr. V. C. Havens, Assistant to Vice President in Charge of Sales, be and he hereby is authorized to execute for and in the name of the company, contracts in connection with advertising, sales promotion, and public relations with limitation in any one case of \$25,000 of contract value, and provided the proposed expenditure either has been included in a budget previously authorized by either the Board of Directors or the Executive Committee of the Board of Directors, or is being made with the approval of either the President or the Executive Vice President.

5. Mr. Pruitt next stated that it would be appropriate at this time to change the statutory agent for the company in the State of Michigan, terminating the appointment of Mr. Stanley H. Fulton as statutory agent, and appointing Mr. Matthew A. McLaughlin, Jr., 1500 Fisher Building, Detroit 2, Michigan, as statutory agent for the company in the State of Michigan.

After discussion, the following resolutions were offered and unanimously adopted:



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There are no other persons named in the document, and it is not possible to determine the date of the document. The document is a letter from the Secretary of the Board of Directors of the United States National Bank to the President of the Board of Directors of the United States National Bank. The letter is dated 1917 and is signed by the Secretary of the Board of Directors of the United States National Bank.

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RESOLVED that the designation and appointment by officers of this Corporation of Stanley H. Fulton of Detroit, Michigan, as agent of the Corporation for service of process in the State of Michigan, pursuant to authority of resolutions adopted by the Board of Directors on September 7, 1945, be hereby terminated; and be it further

RESOLVED that Matthew A. McLaughlin, Jr., whose business address is 1500 Fisher Building, Detroit, Michigan, be and he is duly appointed the agent of this Corporation, and authorized to acknowledge service of any and all process for and on behalf of this Corporation; and this Corporation does hereby consent that service of process upon said Matthew A. McLaughlin, Jr., shall be taken and held to be as valid as if served upon this Corporation, according to the laws of the State of Michigan or any other State and this Corporation hereby waives all claim of error by reason of such service.

6. The Chairman then presented a letter that he had received from Mrs. Janet Bryce Wilson, widow of the former Director, Mr. H. Dalzell Wilson, expressing appreciation for the memorial resolutions adopted by the Board of Directors at the meeting held on October 3, 1946. The letter was then read and filed.

7. Attention was next called to the investment of the company in the 20,000 shares of stock of Fleet Aircraft, Limited, the sale of which was authorized by the Board of Directors at the meeting held on July 18, 1946. It was stated that the sale of the entire block of stock as originally contemplated was not consummated and, subsequently, the name of Fleet Aircraft, Limited, was changed to Fleet Manufacturing and Aircraft, Limited, and new stock was issued on the basis of 2 shares of new stock for each 1 share of old stock. It was further stated that the officers of the company, acting under the authority granted by the Board of Directors at the meeting held on July 18, 1946, had sold 2,000 shares of this new stock at an approximate net price to the company in United States Exchange, exclusive of Federal and Provincial conversion taxes,







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of \$3.75 a share. A motion, which was unanimously carried, ratified and approved the action of the officers in making the sales to date, and the officers were authorized and instructed to sell the remaining 38,000 shares of stock in Fleet Manufacturing and Aircraft, Limited, now owned by the company at prices which, in the opinion of the officers, are reasonable.

8. The Chairman then reviewed the current projects on which the company is working, and commented on the military contracts and the production situation at the Stinson, the Nashville, and the San Diego Divisions.

9. Mr. Woodhead next made a report on the operations and the labor conditions at the various divisions. He stated that as of this date, there were approximately 23,600 employees, 300 persons having been laid off at Vultee Field because of the cancellation of the contract for Model YP-81 airplanes. He also reported on the back-log of orders and stated that bus production at the Nashville Division will be started about March 1, 1947.

10. Mr. Laddon then made a report on the progress being made on new projects, particularly the work we are doing on the commercial transport, Model 240, the Voyager, and the roadable airplane.

11. Mr. Laddon next presented a report on the Research Program for 1947. After discussion and due consideration, the Research Program, including a budget of \$289,261 for 1947 was approved.

12. Mr. Blees then presented a proposed Sales Department budget of \$592,868 for advertising, sales promotion, and public relations for the 6 months ending May 31, 1947, this budget including \$50,000 for







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the Air Transport Association, and a proposed Stinson Sales Department budget of \$444,921 for the 6 months ending May 31, 1947.

Mr. Blees stated that the advertising and public relations budgets for the last 6 months of the fiscal year 1947, will be presented at a later date and such budgets will undoubtedly call for expenditures in excess of the budgets for the first 6 months because of airplane deliveries later in the year which will necessitate more advertising and more public relations work.

The Sales Department budget of \$592,868 for advertising, sales promotion, and public relations for the 6 months ending May 31, 1947, this budget including \$50,000 for Air Transport Association, and the Stinson Sales Department budget of \$444,921 for the 6 months ending May 31, 1947, were approved.

13. A report on the Manufactured House Project was next reviewed and fully discussed. After due consideration, the Manufactured House Project was unanimously approved in the following respects:

- a. A revised appropriation of \$240,000 for the prototype project was approved.
- b. The expenditure of \$25,000 for production engineering was approved.
- c. The expenditure of approximately \$1,000 for a Public Opinion Poll was approved.
- d. The continuance of the Manufactured House Department was authorized for the period from February 19 to March 19, 1947, at a cost of approximately \$10,000.
- e. If a study, to be made by Mr. McDonnell and associates during the week commencing February 3, 1947, reports favorably on the house, the Executive Committee, acting with as many other Directors as are available, will have authority to order a special press for the Manufactured House Project, provided the order can be cancelled within 60 days after it is given.







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- f. The Manufactured House Project is to be carried-on on a minimum basis until a final decision is made by the Directors on whether the project is to be continued.

14. The Chairman then called attention to the vacancy in the Board and recommended that Mr. Joseph H. Rosenberg be elected to fill this vacancy. After due consideration, Mr. Joseph H. Rosenberg was nominated and duly elected a Director of the company to fill the existing vacancy and to hold his directorship until the next annual meeting of the stockholders of the company, and until his successor is elected and qualified.

15. It was then stated that Mr. C. T. Leigh, Vice President, had elected to go on a part time basis, effective January 1, 1947, at an annual salary of \$15,000. Thereupon, a motion made and unanimously carried authorized Mr. C. T. Leigh, Vice President, to go on a part time basis on January 1, 1947, and approved a change in his annual salary from \$48,400 to \$15,000, effective January 1, 1947.

16. A proposal was then presented for the modification of the corporation's Stock Purchase and Option Plan which was approved by the stockholders at the annual meeting held March 21, 1945. Mr. Emanuel stated that in accordance with said Plan an aggregate of 125,000 shares of the Common Stock of the corporation had been reserved for option and sale from time to time to present and future officers and supervisory executives of the corporation; that pursuant to said Plan options on 109,450 shares had been granted, all of which were at a price of \$25 per share with the exception of the option held by Mr. Girdler to purchase 12,500 shares at \$22.62 $\frac{1}{2}$  per share; that of the granted options, 1,500 shares had fully lapsed and 3,200 shares had partially lapsed by reason of the holders' death or leaving the employment of the company; that options upon 106,216



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shares remain outstanding; and that a total of 17,050 shares, plus the lapsed portion of the 3,200 shares referred to above, remain to be optioned out of the 125,000 shares reserved under the Plan. Mr. Emanuel then pointed out that the decision of the Supreme Court of the United States in "Smith v. Commissioner", and the Treasury Department regulations issued following such decision made taxable as ordinary earned income to any option holder who was an employee of a corporation the difference between the option price and the market price of the stock of the corporation at the time of the exercise of the option. The result of this is that even if the present market price of the corporation's stock were greatly in excess of the option price, officers and executives would, nevertheless, be deprived by the tax laws of the incentives which the stockholders of the corporation had in contemplation in approving the Stock Purchase and Option Plan, which were to enable the officers and supervisory executives to acquire a proprietary interest in the corporation through stock ownership, and thereby assure continuance of employment and faithful service to the corporation. Under existing laws and regulations of the Treasury Department, any officer or supervisory executive exercising an option on the corporation's stock when the market price is materially higher than the option price would face the immediate problem of selling most or all of said stock in order to secure funds with which to pay the tax on the paper profit realized by such purchase. With the present market price of \$17.50 per share, Mr. Emanuel also pointed out that the option prices at which the options had originally been granted furnished no present incentive for continued employment and pointed to the advisability of revising the Plan and bringing the same more in line with present conditions.







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Mr. Emanuel then suggested the following modifications in the outstanding options and the Stock Purchase and Option Plan:

- a. Reduce the option price of each share now optioned to \$17.75. (This price is  $\frac{1}{4}$  of a point above the closing price of these shares on the New York Stock Exchange on February 1, 1947.)
- b. Fix the price of each share on options granted in the future at not less than \$17.75 and at least  $\frac{1}{8}$  of a point above the closing market price on the date of the allotment.
- c. Reduce the number of shares now allotted to each optionee to 71% of his present allotment.
- d. Reduce the total number of shares of common stock of the company reserved for option from 125,000 to 88,750.
- e. Extend the expiration date of all outstanding options to December 31, 1951.
- f. On all options granted in the future, provide that the optionee may exercise or dispose of his option with respect to the first  $\frac{1}{3}$  of the optioned stock at any time after six months from the date of his option, and with respect to the second  $\frac{1}{3}$  of the optioned stock at any time after one year from the date of his option, and with respect to the remaining  $\frac{1}{3}$  of the optioned stock, together with any optioned stock not previously exercised or disposed of, at any time after two years, but not later than five years from the date the option was originally granted.
- g. On all options presently outstanding or granted in the future, the option holder is to have in case of the termination of his employment, a period of one year, instead of six months, within which to exercise his option or dispose of the same with respect to the number of shares which were purchaseable by him pursuant to said option, as of the date of the termination of his employment, and in the case of the death of an option holder while in the employment of the corporation, his legal representatives are to have for a period of one year following the death of the option holder, the right to purchase pursuant to the option or to dispose of the same with respect to the number of shares the option holder, if living and continuing in the employment of the corporation, could have purchased at a date six months following his decease.







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- h. Fix the effective date for these modifications in the Plan as of February 1, 1947.

Mr. Emanuel further stated that the proposed modifications had been approved by Counsel for the corporation and had been discussed by the directors of The Aviation Corporation at the last directors' meeting and that if approved by the directors of this corporation and submitted to its stockholders for ratification, the stock of this corporation owned by The Aviation Corporation would be voted in favor of ratification of the changes and modifications in this corporation's Stock Purchase and Option Plan at the annual stockholders' meeting of the corporation.

After due consideration and discussion, a motion was offered by Mr. McDonnell and seconded by Mr. Hertz that the proposal so to amend this corporation's Stock Purchase and Option Plan as suggested by Mr. Emanuel be approved by the Board of Directors, subject to final ratification and approval by the stockholders of this corporation, and that the Amendments to the Stock Purchase and Option Plan be presented to the stockholders of the corporation at the 1947 annual stockholders' meeting for their ratification and approval. Thereupon, Messrs. Babcock, Woodhead, Laddon, Blees and Schorlemmer withdrew from the room. In the absence of Mr. Babcock, Mr. Emanuel acted as temporary Chairman and presented the foregoing motion which was unanimously carried by the vote of the remaining directors present at the meeting.

Messrs. Babcock, Woodhead, Laddon, Blees, and Schorlemmer then returned to the room and Mr. Babcock resumed the chair.

17. The advisability of dissolving the Hall-Scott Motor Car Company, merging it into ACF-Brill Motors Company, or having it sell all



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of its assets to the parent corporation and liquidate was next discussed. It was stated that in either event, trademarks, tradenames, etc., of Hall-Scott Motor Car Company would be retained. After discussion and due consideration, a motion made and unanimously carried recommended that in accordance with the final recommendations of the management and General Counsel of ACF-Brill Motors Company, its subsidiary Hall-Scott Motor Car Company, be dissolved or merged into ACF-Brill Motors Company or liquidated following the sale of all of its assets to its parent company. In either event, the name "Hall-Scott" will be protected in California through the organization of a new corporate subsidiary with nominal capitalization.

18. It was then suggested that the officers of the company should be authorized to apply to the Commissioner of Internal Revenue to permit certain accounting changes in regard to the costing of sales, etc., if such action is deemed advisable. After full discussion, a motion made and unanimously carried authorized the officers of the company to apply to the Commissioner of Internal Revenue for permission to permit certain accounting changes in regard to the costing of sales, etc., if such action is deemed advisable.

19. The Chairman next called attention to the annual meeting of the stockholders of the company scheduled to be held in San Diego, California, on March 19, 1947, in accordance with the By-laws of the company, and suggested that it would be in order to fix the record date for determining the holders of the common stock of the company entitled to receive notice of and to vote at this annual meeting of stockholders or at any adjournment or adjournments thereof; to appoint judges of election







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and a Proxy Committee; to nominate candidates for election as Directors who would represent the present management of the company; to recommend a firm of auditors for election as independent auditors of the company for the fiscal year to end November 30, 1947; to approve the proposed modifications to the Stock Option Plan; to approve the Proxy Statement as prepared by the General Counsel of the company, and to authorize the mailing of it to all stockholders of record; to approve the Annual Report, including the auditors' financial statements for the fiscal year ended November 30, 1946, and the accompanying letter from the Chairman of the Board of Directors and President of the company as prepared for distribution to its stockholders; and to authorize the employment of an agency to solicit proxies for the meeting.

After discussion, the following resolutions were unanimously adopted:

RESOLVED that the close of business February 19, 1947, shall be and hereby is fixed as the record date for determining the holders of common stock of the company entitled to receive notice of and to vote at the annual meeting of the stockholders of the company to be held pursuant to the By-laws at San Diego, California, at 11 a.m. Pacific Standard Time on March 19, 1947, or any adjournment or adjournments thereof, and that the Secretary or Assistant Secretary of the company be and he hereby is instructed to give notice to the New York Stock Exchange, the San Francisco Stock Exchange, and Schroder Trust Company, Transfer Agent of the company, of the fixing of said record date; and be it further

RESOLVED that Edmund Burke and David S. Devlin shall be and hereby are appointed judges of election to serve as such at the annual meeting of the stockholders of this company to be held on March 19, 1947, or at any adjournment or adjournments thereof, to open and close the polls, to take charge of and to receive the proxies and ballots and to decide all questions regarding the qualifications of voters, the validity of proxies, and the acceptance or rejection of votes, in accordance with the provisions of the By-laws of this company, and the laws of the State of Delaware; and be it further

RESOLVED that Irving B. Babcock, Harry Woodhead, I. M. Laddon, C. Coburn Darling, and Rudolph H. Deetjen shall be and hereby are designated as the Management Proxy Committee to be







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named as such in the Proxy Statement to be distributed to all of the holders of the common stock of this company with the notice of the annual meeting of the stockholders of the company for the year 1947, and as such Management Proxy Committee, to solicit proxies in behalf of the present management of the company, and that all stockholders of the company shall be informed by the Proxy Statement that said Management Proxy Committee intends to vote all proxies received by the Committee, unless specifically instructed to the contrary, in favor of the election of the management's nominees for directors of the company, in favor of the proposed modifications to the Stock Option Plan which was adopted by the stockholders at the annual meeting of the stockholders of the company held on March 21, 1945, and in favor of the appointment of Arthur Young & Company as auditors of the company for the fiscal year to end November 30, 1947, which firm of auditors is recommended by the directors.

The nomination of candidates for directors of the company for the ensuing year was then taken up and the following candidates were nominated:

George E. Allen	J. Mason Houghland
Irving B. Babcock	Louis A. Johnson
Neal Dow Becker	I. M. Laddon
William A. Blees	Donald N. McDonnell
Francis A. Callery	R. S. Pruitt
C. Coburn Darling	Joseph H. Rosenberg
Rudolph H. Deetjen	V. C. Schorlemmer
Victor Emanuel	Harry Woodhead
John D. Hertz	

No further nominations being made, the following resolution was offered and unanimously adopted:

RESOLVED that George E. Allen, Irving B. Babcock, Neal Dow Becker, William A. Blees, Francis A. Callery, C. Coburn Darling, Rudolph H. Deetjen, Victor Emanuel, John D. Hertz, J. Mason Houghland, Louis A. Johnson, I. M. Laddon, Donald N. McDonnell, R. S. Pruitt, Joseph H. Rosenberg, V. C. Schorlemmer, and Harry Woodhead shall be and hereby are nominated as candidates for election as directors of the corporation at the annual meeting of its common stockholders to be held March 19, 1947, or any adjournment or adjournments thereof.

Mr. Pruitt, General Counsel of the company, then distributed among the directors a proof of notice of the stockholders' meeting,







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proxy, and Proxy Statement which are to be mailed to all of the stockholders of the company of record February 19, 1947, soliciting proxies in behalf of the present management of the company to be voted at the annual stockholders' meeting. After due consideration, notice of stockholders' meeting, proxy, and Proxy Statement, as submitted by counsel for the company, were approved as to substance and form with authorization to counsel to make such changes therein as may be required by the Securities and Exchange Commission or as may be deemed necessary or advisable by the officers and General Counsel of the company, and said notice of stockholders' meeting, proxy and Proxy Statement as so changed, were ordered printed and distributed to the stockholders of the company of record February 19, 1947.

There were next presented the audited statements of the company for the year ended November 30, 1946, as prepared by the company's independent auditors, Arthur Young & Company, and a letter to the stockholders of Consolidated Vultee Aircraft Corporation dated at San Diego, California, as of February 1, 1947, signed by Irving B. Babcock, Chairman, and Harry Woodhead, President of the company, as prepared for distribution with the auditors' financial statements as a part of the annual report of this company to its stockholders for the fiscal year 1946.

After general discussion, Mr. V. C. Schorlemmer, Vice President of Finance of the company, stated that he, as well as other officers of the company, had carefully examined the financial statements and approved of them. Thereupon, the following resolution was unanimously adopted:

RESOLVED that the financial statements of the company for the fiscal year ended November 30, 1946, as prepared and certified by the company's independent auditors, Arthur Young & Company, and







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the letter to the stockholders of the company signed by Irving B. Babcock, Chairman of the Board of Directors, and Harry Woodhead, President of the company, as submitted to the directors for consideration at this meeting, shall be and hereby are ordered printed and distributed to the stockholders of the company as a part of its annual report to its stockholders for the fiscal year ended November 30, 1946.

It was then suggested that the company employ Georgeson & Co., 52 Wall Street, New York, New York, assisted by the required number of persons for limited periods, to aid in the solicitation of proxies for the annual meeting of stockholders of the company to be held March 19, 1947. After full consideration the following resolution was unanimously adopted:

RESOLVED that the management of the company be and it hereby is authorized and directed to employ Georgeson & Co., 52 Wall Street, New York, New York, to assist in the solicitation of proxies from stockholders of the company incident to voting on matters to be presented at the annual meeting of stockholders of the company to be held on March 19, 1947, and to pay to Georgeson & Co. as a compensation fee for such assistance, the sum of \$3,000 plus the expenses incurred by them in the employment of assistants to be engaged in this solicitation.

20. It was then recommended that the action of the officers of the company in transferring \$9,500,000 from the Reserve For Post-War Readjustment account to Earned Surplus as of November 30, 1946, be ratified.

After a discussion of this recommendation, the following resolution was offered and unanimously adopted:

RESOLVED that the action of the officers of the company in transferring on the Balance Sheet of this company \$9,500,000 from the Reserve For Post-War Readjustment account to Earned Surplus as of November 30, 1946, is hereby ratified and approved.

21. The financial statements prepared by the Controller, including the Consolidated Balance Sheet at December 31, 1946, and



The object of the investigation is to determine the effect of the various factors on the rate of the reaction. The results of the investigation are given in the following table.

It was found that the rate of the reaction is affected by the concentration of the reactants, the temperature, and the presence of a catalyst. The rate of the reaction increases with increasing concentration of the reactants, with increasing temperature, and with the addition of a catalyst.

The rate of the reaction is also affected by the surface area of the solid reactant. The rate of the reaction increases with increasing surface area of the solid reactant. This is because a larger surface area provides more sites for the reaction to take place.

The rate of the reaction is also affected by the nature of the solid reactant. The rate of the reaction is higher for a more reactive solid reactant than for a less reactive solid reactant.

The rate of the reaction is also affected by the nature of the liquid reactant. The rate of the reaction is higher for a more reactive liquid reactant than for a less reactive liquid reactant.

The rate of the reaction is also affected by the nature of the gas reactant. The rate of the reaction is higher for a more reactive gas reactant than for a less reactive gas reactant.

The rate of the reaction is also affected by the nature of the catalyst. The rate of the reaction is higher for a more effective catalyst than for a less effective catalyst.



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Statements of Consolidated Income and Surplus for the month of December, 1946, were then received, discussed, and filed.

22. It was then suggested that consideration be given at this time to the declaration of a dividend on the common stock of the company. After thorough discussion, it was decided that a dividend of 25¢ a share on the common stock should be declared and paid on February 20, 1947.

Thereupon, the following resolutions were unanimously adopted:

RESOLVED that a dividend of 25¢ a share on the outstanding common stock of this company is hereby declared and ordered paid on the outstanding common stock on February 20, 1947, to the holders of the common stock of record at the close of business on February 11, 1947, and be it further

RESOLVED that the Treasurer is hereby instructed to pay to Schroder Trust Company, New York City, as Dividend Disbursing Agent, the funds required to disburse the common stock dividend payable on February 20, 1947, and that Schroder Trust Company, acting as Dividend Disbursing Agent, is instructed to disburse the said dividend to the holders of the common stock of the company, in accordance with the terms of the foregoing resolution.

23. There was next presented a list of the appropriations which have been recommended by the Controller since the last meeting of the Board of Directors of the company.

After due consideration, the following items were approved unconditionally:

<u>Item</u>	<u>Estimated Cost</u>
<u>STINSON DIVISION</u>	
1. (a) Extension of the small parts conveyor line and the necessary installations	
(b) Rearrangement of tramrails and additional stations in the large paint booth	\$16,836.00
<u>SAN DIEGO DIVISION</u>	
2. Purchase of 1 spar cap milling machine	<u>56,170.94</u>
Total	<u>\$73,006.94</u>



the amount of the deposit is not to be paid until the date of maturity.

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24. The following requests for memberships and contributions were approved:

	<u>Amount</u>
a. Institute of Aeronautical Sciences, membership dues for the year ending December 31, 1947	\$ 4,000
b. Foremen's League, membership sub- scription	1,500
c. California Institute of Technology Industrial Relations Program	2,000 a year for 5 years
d. National Association of Manufacturers, membership for the year ending July 31, 1948	1,000
e. American Society of Mechanical Engineers	250
f. California Taxpayers' Association	500
g. San Diego Taxpayers' Association	250
h. Tax Foundation - dues	200
i. American Red Cross, allocations to the respective divisions to be made by the officers	18,000

25. The Chairman next announced that the annual meeting of the Board of Directors would be held at San Diego, California, on March 19, 1947, immediately following the annual meeting of stockholders.

26. There being no further business to come before the meeting, it was thereupon adjourned.

*W M Shanahan*  
\_\_\_\_\_  
W. M. Shanahan, Secretary

Approved:

*Irving B Babcock*  
\_\_\_\_\_  
Irving B. Babcock, Chairman



The following reports for the year 1900 are submitted for the consideration of the Board of Directors of the National Bank of Commerce, New York City.

1. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

2. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

3. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

4. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

5. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

6. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

7. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

8. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

9. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

10. The National Bank of Commerce, New York City, has during the year 1900, maintained its position as one of the leading banks of the United States, and has been successful in increasing its business and its assets.

Very respectfully,  
J. M. W. [Signature]  
President



MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD WEDNESDAY, MARCH 19, 1947

The annual meeting of the stockholders of Consolidated Vultee Aircraft Corporation, a Delaware corporation, was held at the general offices of the corporation, San Diego, California, on Wednesday, March 19, 1947, at 11:00 a.m. Pacific Standard Time, pursuant to the By-laws and notice duly given to all of the stockholders of the corporation.

Mr. Irving B. Babcock, Chairman of the Board, acted as Chairman of the meeting and presided as such. Mr. W. M. Shanahan, Secretary of the corporation, recorded the minutes.

1. The Secretary presented and read the affidavit of Philip H. Stroh of Schroder Trust Company, Transfer Agent of the Common Stock of the corporation, showing that on February 27, 1947, the Transfer Agent mailed to all registered holders of the Common Stock of the corporation of record at the close of business February 19, 1947, notice of the annual meeting of stockholders to be held on March 19, 1947, together with a proxy, proxy statement, and annual report of the corporation to its stockholders, copies of which documents are annexed to said affidavit of Philip H. Stroh as exhibits thereto, and that such mailing was done by depositing the material, postage prepaid, in the United States Post Office, New York, New York. The affidavit so submitted was thereupon approved and ordered filed with the records of the meeting.

2. The Secretary then presented to the meeting an alphabetical list of the stockholders of the corporation of record at the close of







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business February 19, 1947, certified to by the Transfer Agent, showing that on said record date 1,570,169 shares of the Common Stock of the corporation were issued and outstanding and entitled to vote at said meeting and that a majority or quorum amounted to 785,085 shares. Said list remained open for inspection and examination of the stockholders present at the meeting.

3. The Secretary further reported that the Board of Directors of the corporation had by resolution fixed the close of business February 19, 1947, as the record date for determining the stockholders of the corporation entitled to receive notice of and to vote at this annual meeting; that the directors had also appointed Messrs. Edmund Burke and David S. Devlin as Judges for the purpose of conducting the vote by ballot for the election of directors and upon other propositions to come before the annual meeting of the stockholders to be held March 19, 1947, or at any adjournment or adjournments thereof, with all of the powers, duties, privileges, and obligations of Judges of Election as set forth in the General Corporation Laws of the State of Delaware.

Messrs. Edmund Burke and David S. Devlin being present, thereupon, at the request of the Chairman, verified and subscribed to the oath required by statute, the original of which accompanies these minutes.

4. The Chairman thereupon requested all stockholders present in person or persons representing stockholders by proxy to give their names and the number of shares represented and to present their proxies to the Secretary and to the Judges; from which it appeared that there were present in person or by proxy:







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STOCKHOLDERS PRESENT IN PERSON

<u>Name Of Stockholder</u>	<u>Number Of Shares</u>
C. T. Leigh	1,000

STOCKHOLDERS REPRESENTED BY PROXY

Irving B. Babcock)	
Harry Woodhead )	
I. M. Laddon )	<u>1,195,313</u>

Total stockholders present in person or by proxy	<u>1,196,313</u>
---	------------------

The Chairman accordingly reported that a quorum of the stockholders was present or represented at the meeting and that the same was legally convened for the transaction of business.

5. The Secretary then presented the minutes of the last meeting of the stockholders held July 11, 1946, and stated that the minute books of the corporation, containing the minutes of the stockholders' meeting and of all directors' meetings held during the past year, were on hand and would be available for the inspection of any stockholders desiring to examine the same, and that the officers of the corporation would be glad to answer any questions of stockholders regarding the annual report or operations of the corporation. The Secretary also called attention to the complete list of the stockholders of the corporation holding its Common Stock of record February 19, 1947, the date fixed by the directors for determining the stockholders of the corporation entitled to receive notice of and to vote at this meeting, which said list as certified by the Transfer Agent and showing the names of said stockholders, their respective addresses and the number of shares owned by each stockholder respectively, was likewise available for the inspection of any stockholders desiring to examine the same.



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6. The Chairman next presented a copy of the annual report of the corporation to its stockholders for the fiscal year ended November 30, 1946, copies of which were mailed to each stockholder of record of the corporation with the notice of this annual meeting.

7. The Secretary then stated that the Management Proxy Committee desired to nominate the following 17 persons for election as directors of the corporation:

George E. Allen	J. Mason Houghland
Irving B. Babcock	Louis A. Johnson
Neal Dow Becker	I. M. Laddon
William A. Blees	Donald N. McDonnell
Francis A. Callery	R. S. Pruitt
C. Coburn Darling	Joseph H. Rosenberg
Rudolph H. Deetjen	V. C. Schorlemmer
Victor Emanuel	Harry Woodhead
John D. Hertz	

The Secretary explained that the only new director not previously elected to office by the stockholders of the corporation was Joseph H. Rosenberg, West Coast Representative of Lehman Brothers, and formerly Executive Vice President of the Bank of America National Trust and Savings Association.

There being no further nominations, the Chairman announced that it would be in order to proceed with the voting by ballot for the election of directors and requested the stockholders present in person and the persons representing stockholders by proxy to prepare their ballots and submit the same to the Secretary and to the Judges of Election. The polls having remained open for a period of one hour and all stockholders and representatives of stockholders desiring to vote having voted, the Chairman declared the polls closed.







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The Judges thereupon canvassed the votes cast and presented their report in writing of the results of the election showing that the following seventeen nominees had received the number of votes set opposite their respective names and no votes had been cast for any other person:

<u>Nominee</u>	<u>Number Of Shares</u>
George E. Allen	1,195,983
Irving B. Babcock	1,196,213
Neal Dow Becker	1,196,213
William A. Blees	1,196,213
Francis A. Callery	1,196,213
C. Coburn Darling	1,196,213
Rudolph H. Deetjen	1,196,213
Victor Emanuel	1,196,213
John D. Hertz	1,196,213
J. Mason Houghland	1,196,213
Louis A. Johnson	1,196,213
I. M. Laddon	1,196,213
Donald N. McDonnell	1,196,213
R. S. Pruitt	1,196,213
Joseph H. Rosenberg	1,196,213
V. C. Schorlemmer	1,196,213
Harry Woodhead	1,196,213

The Chairman then announced that Messrs. George E. Allen, Irving B. Babcock, Neal Dow Becker, William A. Blees, Francis A. Callery, C. Coburn Darling, Rudolph H. Deetjen, Victor Emanuel, John D. Hertz, J. Mason Houghland, Louis A. Johnson, I. M. Laddon, Donald N. McDonnell, R. S. Pruitt, Joseph H. Rosenberg, V. C. Schorlemmer, and Harry Woodhead had received the largest number of votes and were duly elected directors to serve as such until the next annual meeting of the stockholders and until their successors are elected and qualified.

8. The Chairman then stated that the next business to come before the meeting would be the election of auditors to make the annual audit of the books and records of the corporation for the fiscal year







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ending November 30, 1947, and that the Management recommended the re-election of Arthur Young & Company.

The Judges of Election and the Secretary thereupon canvassed the votes of all the stockholders of the corporation upon the election of auditors for the fiscal year ending November 30, 1947, and upon the completion of said canvass, reported that the holders of 1,192,727 shares of the outstanding Common Stock of the corporation had voted in favor of the election of Arthur Young & Company, and 3,586 shares had voted against the election of Arthur Young & Company. The Chairman then announced that holders of more than a majority of the issued and outstanding Common Stock entitled to vote had voted for the election of Arthur Young & Company as auditors of the corporation for the fiscal year ending November 30, 1947, and that said firm was accordingly elected for said year.

9. The Chairman then announced that the next business to come before the meeting was the consideration of and the voting upon the proposed Amendments to the Stock Purchase and Option Plan, recommended by the Board of Directors to the stockholders and fully described in the corporation's proxy statement dated February 27, 1947. The Chairman stated that pursuant to said proposed amendments, the expiration date of the outstanding options, which is now three years from the date said options were respectively granted, will be extended to December 31, 1951. No change will be made either in present or future options in the provisions of the Option Plan which require that each option provide that the first  $1/3$  of the optioned stock may be purchased by the optionee or his rights to purchase the same disposed of at any time after six months



which, however, is not, and that the Commission has not

of a similar nature.

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3/19/47

from the date such option was granted and the second  $1/3$  at any time after one year from the date such option was granted. However, future options will provide that the third  $1/3$  of the optioned shares, including any option rights not previously exercised or disposed of, may be purchased by the optionee or his rights to purchase the same disposed of at any time after two years from the date the option was granted but not later than five years after said date. As to options presently outstanding and which may be granted in the future, each optionee will have a period of one year (instead of six months as such options presently provide) after the termination of his employment within which to exercise or dispose of his option with respect to the number of shares the rights to purchase which had accrued as of the date of the termination of his employment. The balance of the option will revert to the corporation.

In addition, presently outstanding options and options which may be granted in the future will provide that in the event of the optionee's death while in the employ of the corporation and before all of his option rights with respect to the stock of the corporation have been exercised or disposed of, his legal representatives shall have for a period of one year, instead of six months (as such options presently provide) following his death, the right to exercise or dispose of any options which would have been exercisable or transferable by him six months after his death, and the balance of the option will revert to the corporation.

The Chairman further stated that it was proposed that the shares reserved for option and the presently outstanding options be reduced both in number and in option price thereof, so that there will







3/19/47

be a reduction in the shares reserved for options from 125,000 to 88,750, in the presently outstanding options from 106,216 to 75,413, and in the option price of outstanding options from \$25 to \$17.75, except that in the case of one outstanding option for 12,500 shares from an option price of \$22.62 $\frac{1}{2}$  to \$17.75 per share. The Chairman also called attention to the fact that the new option price of \$17.75 per share is above the closing price of the stock on the New York Stock Exchange on March 18, 1947. It is further proposed that the Stock Purchase and Option Plan be amended to provide that any stock presently reserved for option but not yet allotted may be allotted by the Board of Directors at a price of not less than \$17.75, but in every case the option price will, under the proposed amendment, have to be at least  $\frac{1}{8}$  of a point above the closing market price on the date of the allotment.

The resolution of the Board of Directors recommending said amendments to the Stock Purchase and Option Plan provides that the proposed amendments will not become effective unless approved by the vote of the majority of the stock present and voting at this annual meeting, but, if so approved, shall become effective as of February 1, 1947.

The Judges of Election and the Secretary thereupon canvassed the votes of all of the stockholders upon the proposed Amendments to the Stock Purchase and Option Plan of the corporation, and upon completion of said canvass, reported that the holders of 1,107,106 shares of the outstanding Common Stock of the corporation had voted in favor of the proposed amendments, and 29,692 shares had voted against the proposed amendments. The Chairman then announced that the holders





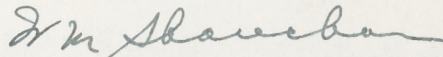


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of more than a majority of the issued and outstanding Common Stock of the corporation entitled to vote at the meeting had approved the proposed Amendments to the Stock Purchase and Option Plan of the corporation and that said amendments were thereby duly adopted.

The original report of the Judges upon the election of directors, the election of auditors, and the adoption of the proposed Amendments to the Stock Purchase and Option Plan was ordered inserted in the records of this meeting and accompanies these minutes.

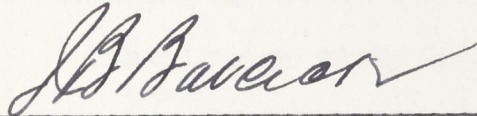
There being no further business to come before the meeting, the same thereupon adjourned.



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W. M. Shanahan, Secretary

Approved:



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I. B. Babcock, Chairman







STATE OF NEW YORK     }  
COUNTY OF NEW YORK   } SS:

Kenneth W. Kehr, being first duly sworn, deposes and states that on behalf of Schroder Trust Company, Transfer Agent for the Common stock of Consolidated Vultee Aircraft Corporation, he has authority to make and does make the following statement concerning the mailing of notices to stockholders of said Corporation shown to be such by the stock records of the Corporation in the custody and control of said Transfer Agent.

That said Transfer Agent mailed on February 27, 1947, postage prepaid, to all Common stockholders of Consolidated Vultee Aircraft Corporation of record at the close of business February 19, 1947, notice of annual meeting of stockholders, to be held March 19, 1947, together with a proxy statement, a copy of which is attached hereto marked Exhibit "A", and proxy, a copy of which is attached hereto marked Exhibit "B", annual report of Consolidated Vultee Aircraft Corporation.

November

Exhibit

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EXHIBIT A







STATE OF NEW YORK }  
COUNTY OF NEW YORK } SS:

Kenneth W. Kehr, being first duly sworn, deposes and states that on behalf of Schroder Trust Company, Transfer Agent for the Common stock of Consolidated Vultee Aircraft Corporation, he has authority to make and does make the following statement concerning the mailing of notices to stockholders of said Corporation shown to be such by the stock records of the Corporation in the custody and control of said Transfer Agent.

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That the mailing of the aforementioned material was made by depositing same in the United States Post-Office at New York, N.Y.

In accordance with Presidential Order No. 8389 and amendments issued pursuant thereto, none of the aforesaid material was mailed to stockholders who are known to be citizens of certain foreign countries affected by such order.

Therefore, affiant makes this affidavit for the purpose of completing the file of Consolidated Vultee Aircraft Corporation with reference to the aforesaid mailing.

Subscribed and sworn to before  
me on this 4th day of March, A.D. 1947

*William J. Giesecke*  
Notary Public.

*KW Kehr*  
WILLIAM J. GIESECKE  
NOTARY PUBLIC in the State of New York  
residing in Queens County  
Queens County No. 138, Register No. 138-G-8  
Cert. filed in N. Y. Co. No. 108, Reg. No. 393-G-8  
Commission Expires March 30, 1948



Kenneth W. Kehr, being first duly sworn, deposes and states that on behalf of Schroeder Trust Company, Transfer Agent for the Common stock of Consolidated Vultee Aircraft Corporation, he has authority to make and does make the following statement concerning the mailing of notices to stockholders of said Corporation shown to be such by the stock records of the Corporation in the custody and control of said Transfer Agent.

That said Transfer Agent mailed on February 27, 1947, postage prepaid, to all Common stockholders of Consolidated Vultee Aircraft Corporation of record at the close of business February 19, 1947, notice of annual meeting of stockholders, to be held March 19, 1947, together with a proxy statement, a copy of which is attached hereto marked Exhibit "A", and proxy, a copy of which is attached hereto marked Exhibit "B", annual report of Consolidated Vultee Aircraft Corporation for the fiscal year ended November 30, 1946, a copy of which is attached hereto marked Exhibit "C", and a self-addressed business reply envelope, a copy of which is attached hereto marked Exhibit "D".

That the mailing of the aforementioned material was made by depositing same in the United States Post Office at New York, N.Y.

In accordance with Presidential Order No. 8389 and amendments issued pursuant thereto, none of the said material was mailed to stockholders who are known to be citizens of certain foreign countries affected by such order.

Therefore, affiant makes this affidavit for the purpose of verifying the list of Consolidated Vultee Aircraft Corporation stockholders who are known to be citizens of certain foreign countries affected by such order.

Subscribed and sworn to before me on this 27th day of March, A.D. 1947.

Notary Public.

To the Stockholders of the Corporation of the State of New York, take action

The clerk of the court, holders entitled to vote at said meeting, and the enclosed

Dated at New York, February 27, 1947.



**NOTICE OF ANNUAL MEETING**  
**of Stockholders of**  
**CONSOLIDATED VULTEE AIRCRAFT CORPORATION**

*To the Stockholders of*

CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

Notice is hereby given that the Annual Meeting of Stockholders of Consolidated Vultee Aircraft Corporation, a Delaware corporation, will be held at the general offices of the Corporation, San Diego, California, on March 19, 1947 at 11 o'clock A. M. Pacific Standard Time, to consider and take action with respect to the following:

1. The election of seventeen directors to hold office until the next annual meeting of stockholders or until their successors are elected and qualified.
2. The election of independent auditors for the Corporation for the fiscal year to end November 30, 1947.
3. The consideration and voting upon proposed amendments to the Stock Purchase and Option Plan of the Corporation, which proposed amendments are contained in the Proxy Statement being mailed to the stockholders of the Corporation with this Notice of Annual Meeting.
4. The transaction of such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The close of business February 19, 1947 has been fixed as the record date for determining stockholders entitled to receive notice of and to vote at such meeting or any adjournment or adjournments thereof, and only stockholders of record at said time and date are entitled to receive notice of and to vote at said meeting. The transfer books of the Corporation will not be closed.

The management requests that you fill in, date, sign and mail the enclosed proxy promptly in the enclosed addressed envelope which requires no postage if mailed within the United States.

By Order of the Board of Directors

W. M. SHANAHAN  
*Secretary*

Dated at San Diego, California  
February 27, 1947

EXHIBIT A



STATE OF NEW YORK  
COUNTY OF NEW YORK  
ss: }

Kenneth W. Kehr, being first duly sworn, deposes and states that on behalf of Schroeder Trust Company, Transfer Agent for the Common stock of Consolidated Vultee Aircraft Corporation, he has authority to make and does make the following statement concerning the mailing of notices to stockholders of said Corporation shown to be such by the stock records of the Corporation in the custody and control of said Transfer Agent.

That said Transfer Agent mailed on February 27, 1947, postage prepaid, to all Common stockholders of Consolidated Vultee Aircraft Corporation of record at the close of business February 19, 1947, notice of annual meeting of stockholders, to be held March 19, 1947, together with a proxy statement, a copy of which is attached hereto marked Exhibit "A", and proxy, a copy of which is attached hereto marked Exhibit "B", annual report of Consolidated Vultee Aircraft Corporation for the fiscal year ended November 30, 1946, a copy of which is attached hereto marked Exhibit "C", and a self-addressed business reply envelope, a copy of which is attached hereto marked Exhibit "D".

That the mailing of the aforementioned material was made by depositing same in the United States Post Office at New York, N.Y.

In accordance with Presidential Order No. 8389 and amendments issued pursuant thereto, none of the afore-



**NOTICE OF ANNUAL MEETING**  
**of Stockholders of**  
**CONSOLIDATED VULTEE AIRCRAFT CORPORATION**

*To the Stockholders of*

CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

Notice is hereby given that the Annual Meeting of Stockholders of Consolidated Vultee Aircraft Corporation, a Delaware corporation, will be held at the general offices of the Corporation, San Diego, California, on March 19, 1947 at 11 o'clock A. M. Pacific Standard Time, to consider and take action with respect to the following:

1. The election of seventeen directors to hold office until the next annual meeting of stockholders or until their successors are elected and qualified.
2. The election of independent auditors for the Corporation for the fiscal year to end November 30, 1947.
3. The consideration and voting upon proposed amendments to the Stock Purchase and Option Plan of the Corporation, which proposed amendments are contained in the Proxy Statement being mailed to the stockholders of the Corporation with this Notice of Annual Meeting.
4. The transaction of such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The close of business February 19, 1947 has been fixed as the record date for determining stockholders entitled to receive notice of and to vote at such meeting or any adjournment or adjournments thereof, and only stockholders of record at said time and date are entitled to receive notice of and to vote at said meeting. The transfer books of the Corporation will not be closed.

The management requests that you fill in, date, sign and mail the enclosed proxy promptly in the enclosed addressed envelope which requires no postage if mailed within the United States.

By Order of the Board of Directors

W. M. SHANAHAN  
*Secretary*

Dated at San Diego, California  
February 27, 1947

EXHIBIT A



NOTICE OF ANNUAL MEETING

of Stockholders of

CONSOLIDATED KUTTER UNWEAVE CORPORATION

Notice is hereby given that the Annual Meeting of Stockholders of Consolidated Kutter Unweave Corporation will be held at the General Office of the Corporation, 100 Broadway, New York City, on March 12, 1924, at 11 o'clock A. M. For the Standard Time to be held, and for the purpose of electing directors and officers for the ensuing year.

The stockholders are requested to bring with them to the meeting a certificate of stock or a receipt for the same, and to bring with them a receipt for the same.

The meeting of stockholders will be held at the General Office of the Corporation, 100 Broadway, New York City, on March 12, 1924, at 11 o'clock A. M.

The stockholders are requested to bring with them to the meeting a certificate of stock or a receipt for the same, and to bring with them a receipt for the same.

The stockholders are requested to bring with them to the meeting a certificate of stock or a receipt for the same, and to bring with them a receipt for the same.

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The stockholders are requested to bring with them to the meeting a certificate of stock or a receipt for the same, and to bring with them a receipt for the same.

Witness my hand and the seal of the Corporation this 1st day of March, 1924.

W. H. BENTLEY  
Secretary

Attest: J. H. BENTLEY  
President

To the Stockholders of Consolidated Kutter Unweave Corporation

The Annual Meeting of the Corporation was called for March 12, 1924, at 11 o'clock A. M. The meeting was held at the General Office of the Corporation, 100 Broadway, New York City. The following directors and officers were elected:

At a meeting of the Board of Directors held on September 1, 1924, the following directors and officers were elected:

The following directors and officers were elected at the meeting of the Board of Directors held on September 1, 1924:

Unless otherwise specified, the directors and officers of the Corporation shall hold office until the next Annual Meeting of the Corporation.

All of the directors and officers of the Corporation have been elected.



## PROXY STATEMENT

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### CONSOLIDATED VULTEE AIRCRAFT CORPORATION

A Delaware Corporation

To the Stockholders of

CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

The Annual Meeting of Stockholders of Consolidated Vultee Aircraft Corporation (hereinafter called the "Corporation") will be held at the general offices of the Corporation, San Diego, California, on March 19, 1947 at 11 o'clock A. M. Pacific Standard Time, for the purpose of electing seventeen directors to serve the Corporation for the ensuing year or until their successors are elected and qualified; to elect independent auditors for the Corporation for the fiscal year to end November 30, 1947, and to vote upon proposed amendments to the Corporation's Stock Purchase and Option Plan.

#### ELECTION OF DIRECTORS

At a meeting of the Board of Directors, held February 1, 1947, Mr. Joseph H. Rosenberg was elected a director to fill the vacancy caused by the death of Mr. H. Dalzell Wilson. During the past five years Mr. Rosenberg was Vice President of the Bank of America National Trust and Savings Association, becoming Executive Vice President of that bank on September 1, 1945. He retired from the bank on September 1, 1946 and is now West Coast representative of Lehman Brothers, Investment Bankers.

The following nominees have been designated by the management and the Board of Directors of the Corporation as candidates for directors of the Corporation. Their terms of office, if elected, will be until the Annual Meeting of Stockholders of the Corporation in 1948, or until their successors are elected and qualified:

GEORGE E. ALLEN  
IRVING B. BABCOCK  
NEAL DOW BECKER  
WILLIAM A. BLEES  
FRANCIS A. CALLERY  
C. COBURN DARLING  
RUDOLPH H. DEETJEN  
VICTOR EMANUEL

JOHN D. HERTZ  
J. MASON HOUGHLAND  
LOUIS A. JOHNSON  
I. M. LADDON  
DONALD N. McDONNELL  
R. S. PRUITT  
JOSEPH H. ROSENBERG  
V. C. SCHORLEMMER

HARRY WOODHEAD

Unless otherwise specifically restricted in the proxy hereby solicited, the persons acting thereunder at such meeting, or at any adjournment or adjournments thereof, will vote for said candidates. However, in the event of contingencies not presently foreseen, over which the management has no control, the persons acting under the authority of said proxy may vote for the election of different persons as directors of the Corporation for the aforesaid term.

All of the foregoing nominees are directors of the Corporation and all except Mr. Rosenberg have been previously elected directors by the security holders of the Corporation.



# INFORMATION RELATIVE TO NOMINEES

Name	Principal Occupation	Year First Elected Director	Securities Beneficially Owned as of January 15, 1947 Common Stock
GEORGE E. ALLEN	Director of: Hugo Stinnes Corporation; Hugo Stinnes Industries, Incorporated; Republic Steel Corporation; Washington Properties, Inc.; Consolidated Vultee Aircraft Corporation; The Aviation Corporation; ACF-Brill Motors Company; Trustee of Penn Mutual Life Insurance Company.	1945	400
IRVING B. BABCOCK(1)	President: The Aviation Corporation; Chairman of the Board: Consolidated Vultee Aircraft Corporation; ACF-Brill Motors Company; Hall-Scott Motor Car Company; Director: New York Shipbuilding Corporation; Carrollton Furniture Mfg. Co.; The Crosley Distributing Corporation.	1945	100
NEAL DOW BECKER	President, Intertype Corporation; Director: Bank of the Manhattan Company; New York Dock Company; Consolidated Vultee Aircraft Corporation; ACF-Brill Motors Company; Trustee, Consolidated Edison Company of New York, Inc., General Aniline & Film Corporation; East River Savings Bank.	1945	112
WILLIAM A. BLEES(1)	Vice-President: Consolidated Vultee Aircraft Corporation; Director: ACF-Brill Motors Company; Hall-Scott Motor Car Company.	1946	100
FRANCIS A. CALLERY(1)	Director, Consolidated Vultee Aircraft Corporation; Associate of Lehman Brothers.	1941	100*
C. COBURN DARLING	Director of: Consolidated Vultee Aircraft Corporation; The Aviation Corporation; New York Shipbuilding Corporation; Roosevelt Field, Inc.; ACF-Brill Motors Company; President and Director, New England Distillers, Inc.	1941	100*
RUDOLPH H. DEETJEN(2)	General Partner, Emanuel, Deetjen & Co.; Director of: Consolidated Vultee Aircraft Corporation; New York Shipbuilding Corporation; New Jersey Fire Alarm Company; Roosevelt Field, Inc.; E. Deltz, Inc.; Amerlux Steel Products, Inc.; Dobbs Houses, Inc.	1944	100
VICTOR EMANUEL(3)	Chairman of the Board, The Aviation Corporation; President and Director, Standard Power and Light Corporation; Director: Republic Steel Corporation; Standard Gas and Electric Company; New York Shipbuilding Corporation; Consolidated Vultee Aircraft Corporation; ACF-Brill Motors Company; Crosley Broadcasting Corporation.	1943	600
JOHN D. HERTZ(4)	Director, Paramount Pictures, Inc.; Tidewater Associated Oil Company; Chicago Motor Coach Company; Madison Square Garden Corporation; The Omnibus Corporation; New York City Omnibus Corporation; Consolidated Vultee Aircraft Corporation; The Aviation Corporation; Partner of Lehman Brothers.	1937	None
J. MASON HOUGHLAND	President, Spur Distributing Co.; Director, Consolidated Vultee Aircraft Corporation.	1943	45
LOUIS A. JOHNSON(5)	Attorney, Steptoe & Johnson; General Counsel and Director, General Dyestuff Corporation; General Counsel, Director and Member of Executive Committee, General Aniline & Film Corporation; Director, Consolidated Vultee Aircraft Corporation.	1942	600
I. M. LADDON(1)(6)	Executive Vice President and Director: Consolidated Vultee Aircraft Corporation; Director, Hall-Scott Motor Car Company; ACF-Brill Motors Company; First National Trust and Savings Bank.	1931	1,120



<u>Name</u>	<u>Principal Occupation</u>	<u>Year First Elected Director</u>	<u>Securities Beneficially Owned as of January 15, 1947</u>
			<u>Common Stock</u>
DONALD N. McDONNELL	Vice President and Director, Blyth & Co., Inc.; Director, Consolidated Vultee Aircraft Corporation.	1941	100
R. S. PRUITT(1)(7)	Attorney, Pruitt, Hale and Coursen and Pruitt and Grealis; Vice President, Secretary and Director, The Aviation Corporation; Vice President and Director, Consolidated Vultee Aircraft Corporation; Secretary and Director: New York Shipbuilding Corporation; Crosley Broadcasting Corporation; Checker Cab Manufacturing Corporation; Chicago Electric Manufacturing Corporation; American Propeller Corporation; Secretary: ACF-Brill Motors Company; The Crosley Distributing Corporation; Carrollton Furniture Mfg. Co.	1941	380
JOSEPH H. ROSENBERG	Lehman Brothers (West Coast Representative); Director, Central Commercial Company; Member Advisory Council of Board of Directors, Bank of America National Trust and Savings Association; Vice President and Director, Reliable Knitting Works.	1947	100*
V. C. SCHORLEMMER(1)	Vice President and Director: Consolidated Vultee Aircraft Corporation; Vice President: ACF-Brill Motors Company; Vice President: Hall-Scott Motor Car Company.	1943	45
HARRY WOODHEAD(1)	President and Director: Consolidated Vultee Aircraft Corporation; Director: ACF-Brill Motors Company; Hall-Scott Motor Car Company.	1941	415

NOTES:

\* Owned as of February 24, 1947.

- (1) In addition to the securities listed above, certain officers or directors of the Corporation hold options to purchase shares of Common Stock of the Corporation as set forth on page 7 hereof.
- (2) In addition Mrs. Rudolph H. Deetjen, wife of Mr. Deetjen, is the beneficial owner of 72 shares.
- (3) In addition Albert Emanuel, II, associate of Mr. Emanuel, beneficially owned 15 shares and Albert Emanuel, II is the beneficial owner of 112½ shares held in a trust, and Barton Emanuel is the beneficial owner of 15 shares held in a trust.
- (4) Children of Mr. Hertz are the beneficiaries of certain trusts owning an aggregate of 3,000 shares.
- (5) In addition Mrs. Louis A. Johnson, wife of Mr. Johnson, is the beneficial owner of 100 shares.
- (6) In addition Mrs. I. M. Laddon, wife of Mr. Laddon, is the beneficial owner of 50 shares.
- (7) In addition Mrs. R. S. Pruitt, wife of Mr. Pruitt, is the beneficial owner of 400 shares.

The Corporation is informed that no director or nominee for director of the Corporation and his associates, or any other person, held of record or owned beneficially, as of January 15, 1947 more than 10% of any class of securities of the Corporation, except that The Aviation Corporation owns 410,417 shares, or approximately 26.14% of the 1,570,266.325 outstanding shares of the Common Stock of the Corporation which is the only class of stock now outstanding. Mr. Victor Emanuel is Chairman of the Board, Mr. Irving B. Babcock is President, and Mr. R. S. Pruitt is Vice President and Secretary of The Aviation Corporation, and Messrs. Allen, Babcock, Darling, Emanuel, Hertz and Pruitt are directors thereof.



# REMUNERATION OF OFFICERS AND DIRECTORS

<u>Name</u>	<u>Offices Held</u>	<u>Remuneration from Corpora- tion and Sub- sidiaries</u>	<u>Amount Paid or Set Aside Pursuant to Pension Plan by Corporation</u>	<u>Estimated Annual Benefits From Pension Plan of the Corporation</u>
	(1) (2)	(1)	(3)	(4)
IRVING B. BABCOCK <sup>(5)</sup>	Chairman of the Board of Directors	\$ 45,356.45	None	None
HARRY WOODHEAD <sup>(5)</sup>	President and Director	85,106.45	\$11,424.04	\$18,000.00
I. M. LADDON	Executive Vice President and Director	80,006.45	9,085.52	18,000.00
C. T. LEIGH	Vice President and Director	48,406.45	7,382.60	14,206.20
WILLIAM A. BLEES <sup>(5)</sup>	Vice President and Director	40,356.45	None	None
V. C. SCHORLEMMER <sup>(5)</sup>	Vice President and Director	25,339.79	1,675.92	14,943.24
W. M. SHANAHAN	Secretary and Treasurer	22,006.45	1,897.36	9,498.12
R. S. PRUITT <sup>(7)</sup>	General Counsel, Director and Vice President	See Note 7	632.24	502.68
J. MASON HOUGHLAND	Director	5,333.33	None	None
LOUIS A. JOHNSON <sup>(8)</sup>	Director	5,333.33	None	None
DONALD N. McDONNELL	Director	5,333.33	None	None
VICTOR EMANUEL	Director	5,633.33	None	None
JOHN D. HERTZ	Director	5,333.33	None	None
C. COBURN DARLING	Director	5,433.33	684.20	479.52
RUDOLPH H. DEETJEN	Director	5,333.33	None	None
GEORGE E. ALLEN <sup>(5)</sup>	Director	5,533.33	None	None
NEAL DOW BECKER <sup>(5)</sup>	Director	5,683.33	None	None
FRANCIS A. CALLERY <sup>(6)</sup>	Consultant and Director	19,999.99	2,492.64	2,166.96
H. DALZELL WILSON <sup>(9)</sup>	Former Consultant and Director	10,583.32	None	None
All Officers and Directors of Consolidated Vultee Aircraft Corporation as a Group (includes amounts paid by subsidiaries)		\$426,111.77	\$35,274.52	\$77,796.72

## NOTES:

- (1) Information given is for fiscal year ended November 30, 1946.
- (2) In not every instance did each person receive remuneration in every capacity in which he served.
- (3) Includes amounts paid or set aside for future services during the fiscal year ended November 30, 1946.
- (4) The amount given is the estimated amount of annual benefits which the officers and directors named would receive in the event their connection with Consolidated Vultee is continued until retirement age 65, or in the case of certain individuals until a period earlier than age 65, and assumes continuance of their compensation at the rate in effect on October 1, 1946 and of payments to the retirement plan by Consolidated Vultee and by the individuals at the same rates for future service as was in effect on October 1, 1946. The estimated retirement benefit at age 65 or at such earlier period in the case of certain individuals is, however, in each case subject to change in the event of a decrease or increase in the individual's compensation in intervening years resulting in a corresponding change in his and the Corporation's contributions to the plan.
- (5) During the fiscal year ended November 30, 1946, Messrs. Babcock, Woodhead, Schorlemmer, Blees, Allen, and Becker received, respectively, remuneration in the amount of \$9,372.61, \$100.20, \$333.54, \$38,134.22, \$33.33 and \$2,683.33 in excess of the remuneration which was received by them, respectively, during the preceding fiscal year. All the officers and directors of the Corporation, considered as a group, received \$12,129.52 less in compensation for the fiscal year ended November 30, 1946, than they did for the previous fiscal year.



- (6) Mr. Francis A. Callery is employed as a consultant on a part time basis under a contract expiring November 30, 1947. The estimate as to his annual benefits under the Pension Plan is based upon the assumption that his employment by the Corporation will terminate upon the expiration of said contract.
- (7) Mr. Pruitt is a partner in the law firms of Pruitt, Hale and Coursen and Pruitt and Grealis. Consolidated Vultee Aircraft Corporation paid to such firms for legal services during the period December 1, 1945 to November 30, 1946 the aggregate sum of \$181,000 and \$4,603.15 in reimbursement of expenses. Not all of such accrued to Mr. Pruitt personally nor to the members of said firms, inasmuch as for this overall retainer they provided services of independent local counsel at Detroit, Michigan; Nashville, Tennessee; Tucson, Arizona; and New Orleans, Louisiana, as well as a staff of attorneys permanently located in the Corporation's General Offices at San Diego, California, and also absorbed all expenses of said attorneys and of members of said firms while engaged in the Corporation's business, except actual out-of-pocket disbursements for travel, telephone and telegraph. Mr. Pruitt received no remuneration for his services as a Vice President and director of Consolidated Vultee Aircraft Corporation.
- (8) Mr. Johnson is a partner in the law firm of Steptoe & Johnson, which received from Consolidated Vultee Aircraft Corporation the sum of \$6,000 for legal fees and expenses during the fiscal year ended November 30, 1946. Not all of such sum accrued to Mr. Johnson personally.
- (9) Deceased.

Number of Employees of Consolidated Vultee Aircraft Corporation and Subsidiaries, other than Officers and Directors, who received from Consolidated Vultee Aircraft Corporation over \$20,000 but not over \$50,000		Number of Employees of Consolidated Vultee Aircraft Corporation and Subsidiaries, other than Officers and Directors, who received from Consolidated Vultee Aircraft Corporation over \$50,000 but not over \$100,000		Number of Employees of Consolidated Vultee Aircraft Corporation and Subsidiaries, other than Officers and Directors, who received from Consolidated Vultee Aircraft Corporation in excess of \$100,000	
Aggregate Remuneration		Aggregate Remuneration		Aggregate Remuneration	
12		\$284,936.91		1	
Only 6 of these persons are employees of Consolidated Vultee Aircraft Corporation. The others are officers or employees of ACF- Brill Motors Company or Hall-Scott Motor Car Company.		An employee of ACF-Brill Motors Company		\$50,105.00	
				None	

#### REMUNERATION TO PERSONS, OTHER THAN DIRECTORS, OFFICERS AND EMPLOYEES

The following persons, other than directors, officers and employees, received from Consolidated Vultee Aircraft Corporation during the last fiscal year in excess of \$20,000, as follows:

Name	Capacity in Which Remuneration Was Received	Aggregate Remuneration
PRUITT, HALE AND COURSEN; and PRUITT AND GREALIS	General Counsel	\$185,603.15
HENRY DREYFUSS	Designer	114,029.63
ARTHUR YOUNG & COMPANY	Auditors and Accountants	70,286.22
HILL & KNOWLTON <sup>(1)</sup>	Public Relations Counsel	60,955.64
JOHN E. HUGHES	Tax Counsel	42,235.00

#### NOTE:

- (1) This figure includes reimbursements made by Consolidated Vultee Aircraft Corporation for the salaries of employees furnished to it at its request, and also reimbursement for expenses incurred on behalf of Consolidated.



**INTEREST OF DIRECTORS, NOMINEES FOR ELECTION AS DIRECTORS AND  
ASSOCIATES IN TRANSACTIONS WITH THE CORPORATION  
AND SUBSIDIARIES**

Republic Steel Corporation and certain of its subsidiaries sold to Consolidated Vultee Aircraft Corporation a substantial quantity of steel and steel products in the ordinary course of business and at current market prices. Messrs. Victor Emanuel and George E. Allen are directors of Republic Steel Corporation as well as of Consolidated Vultee Aircraft Corporation, and Mr. Emanuel is a member of the Executive Committee of Republic Steel Corporation.

Consolidated Vultee Aircraft Corporation sold to The Crosley Corporation, a subsidiary of The Aviation Corporation, prior to the acquisition of its assets by The Aviation Corporation on November 18, 1946, gas and electric kitchen ranges and frozen food storage cabinets during the fiscal year ended November 30, 1946, which were constructed according to designs and specifications furnished to Consolidated by The Crosley Corporation. These products were sold pursuant to agreements between the two corporations, the terms of which were formulated after extensive arm's length negotiations between the parties. Such terms have now been embodied in two contracts between the Corporation and The Aviation Corporation. Pursuant to the respective contracts Consolidated is to produce and sell to The Aviation Corporation the entire requirements of The Aviation Corporation for stoves and frozen food storage cabinets with an agreed minimum number of stoves and cabinets to be produced and sold per annum. The term of each contract is until June 30, 1949 and thereafter from year to year unless terminated. Consolidated and The Aviation Corporation each have the option to terminate each of said contracts effective June 30 of any year subsequent to 1948 by giving written notice to the other party prior to January 1 of said year of intention to terminate. In the event of such termination and depending upon which party terminates and the reason therefor, The Aviation Corporation and Consolidated each have certain rights and obligations with respect to the machinery listed in said contracts and special tooling purchased or acquired by Consolidated for use in connection with said contracts; and also upon termination and depending upon which party terminates and the reason therefor, The Aviation Corporation has the option to purchase all of the machinery, tools, inventory and work in process at the Nashville, Tenn. plant of Consolidated, and to lease said plant with an option to purchase same at book value less applicable reserves.

The ACF-Brill Motors Company, a subsidiary of Consolidated Vultee Aircraft Corporation, made purchases of materials and parts from, and sales of materials and parts to, Consolidated Vultee Aircraft Corporation in the ordinary course of business during the fiscal year ended November 30, 1946. Messrs. Victor Emanuel, Irving B. Babcock, Harry Woodhead, I. M. Laddon, William A. Blee, George E. Allen, Neal Dow Becker and C. Coburn Darling are directors of ACF-Brill Motors Company, and Messrs. V. C. Schorlemmer and R. S. Pruitt are Vice President and Secretary, respectively, thereof. Messrs. Victor Emanuel, Irving B. Babcock, C. Coburn Darling, R. S. Pruitt, John D. Hertz and George E. Allen were directors both of Consolidated and The Aviation Corporation during such period.

**INTEREST, DIRECT OR INDIRECT, OF DIRECTORS OR OFFICERS OR ANY  
ASSOCIATES IN MATTERS TO BE ACTED UPON AT THE MEETING**

Except in so far as (1) election as a director may be deemed to create an interest, (2) the ownership of securities by each director, officer or associate may be deemed to create an interest, (3) the proposed amendments to the Stock Purchase and Option Plan set forth herein may be deemed to create an interest, no director, officer or associate has any interest, direct or indirect, in any matter to be acted upon at the meeting.

The following is a statement of the shares of stock of Consolidated Vultee Aircraft Corporation owned beneficially, as of the close of business on the 15th day of January, by each officer of Consolidated and his associates, other than those set forth elsewhere in this Proxy Statement:



<u>Name</u>	<u>Office</u>	<u>Shares of Common Stock of Consolidated Vultee Aircraft Corporation</u>
C. T. Leigh	Vice President	1,000*
W. M. Shanahan	Secretary and Treasurer	800*

\* In addition Messrs. Leigh and Shanahan hold options to purchase stock of the Corporation as set forth below.

### PROPOSED AMENDMENTS TO STOCK PURCHASE AND OPTION PLAN

At the Annual Meeting of Stockholders of the Corporation, held on March 21, 1945, the stockholders of the Corporation approved a Stock Purchase and Option Plan recommended to them by the directors of the Corporation, pursuant to which an aggregate of 125,000 shares of Common Stock of the Corporation were reserved for option from time to time to present and future officers and supervisory executives of the Corporation. Pursuant thereto, options on 109,450 shares of Common Stock of the Corporation were granted to officers and supervisory executives of the Corporation at option prices hereinafter described. Of such options, options on 106,216 shares are still outstanding, options granted for 1,500 shares having lapsed. There are a total of 17,050 shares of stock remaining to be allocated under the Plan.

The following officers or directors hold options to purchase shares of Common Stock of the Corporation in the amounts and for the option price hereinafter set forth:

<u>Optionee</u>	<u>Shares</u>	<u>Option Price</u>	<u>Closing Market Price When Option Granted</u>
I. B. Babcock.....	22,500	\$25.00	\$24.75
Harry Woodhead .....	12,500	25.00	24.75
I. M. Laddon .....	12,500	25.00	24.75
R. S. Pruitt.....	5,000	25.00	24.75
Francis A. Callery.....	5,000	25.00	24.75
William A. Blees .....	3,500	25.00	24.37½
C. T. Leigh.....	3,500	25.00	24.75
V. C. Schorlemmer .....	3,000	25.00	24.75
William M. Shanahan .....	1,500	25.00	24.75

\* In addition Mr. Babcock holds options to purchase 75,000 shares of Common Stock of the Corporation's parent, The Aviation Corporation, at \$5.75 a share, which were granted on December 28, 1944, when the market price of the Common Stock of The Aviation Corporation on the New York Stock Exchange was \$5.50. Mr. Babcock also holds options to purchase 21,250 shares of Common Stock of The Aviation Corporation for \$5.94½ per share, which options were assumed by The Aviation Corporation when it acquired the assets of its subsidiary, American Central Manufacturing Corporation.

\*\* Mr. Pruitt also holds options to purchase 20,000 shares of the Common Stock of the Corporation's parent, The Aviation Corporation, at an option price of \$6.37½ per share. At the time of the granting of such option the market price of the Common Stock of The Aviation Corporation on the New York Stock Exchange was \$6.25 per share.

In addition to the foregoing options, 19 supervisory executives of the Corporation hold options granted by the Corporation to purchase an aggregate of 23,250 shares, for an option price of \$25 per share, and three persons who were supervisory executives but are not now employed by the Corporation held options which have not lapsed to purchase 1,466 shares at \$25 a share, and a consultant holds an option to purchase 12,500 shares for \$22.62½ per share. The closing market price of the Common Stock on September 28, 1945, when options on such 24,716 shares were granted, was \$24.75, and on April 27, 1945, when options on said 12,500 shares were granted, was \$22.37½. During the year 1944 the highest and lowest price at which the Common Stock of the Corporation sold on the New York Stock Exchange was 20⅞ and 11¼, respectively; in 1945, 35¼ and 17¼, respectively; and in 1946, 33⅝ and 14¾, respectively.



Except for 17,050 shares of stock remaining to be allocated under the Plan, and except for any presently outstanding options under the Plan which may lapse and be reallocated thereunder, the Board of Directors has no present intention of issuing any additional options.

The option price of the stock is subject to equitable adjustment in the event that while any of said options are outstanding, the Corporation issues additional Common Stock as a stock dividend or issues Common Stock or securities convertible into Common Stock for a consideration which may involve the issuance of Common Stock at a lower price than the option price.

The purpose for which the Stock Purchase and Option Plan was originally adopted by the stockholders was because it was deemed beneficial to the Corporation for its key employees to own a proprietary interest therein. However, an amended treasury regulation, the validity of which awaits the decision of the courts and which may be abrogated by legislation, has raised a question whether the employees can exercise their options without paying tax as ordinary income on any excess of the value of the stock at the date the option is exercised over the price paid for it. If they must pay such tax it is probable the employees will not exercise their options or if they do may have to sell the stock to pay the income tax. In the latter case, the purpose of granting the option will be defeated. It is probable that this question will not be settled before the present time for exercising the options expires and hence directors have recommended to the stockholders that the time for exercising the options be extended.

The Board of Directors of the Corporation has approved and now recommends to the stockholders of the Corporation that the Stock Purchase and Option Plan be amended to provide that the expiration date of the outstanding options, which is now three years from the dates said options were respectively granted, shall be extended to December 31, 1951. No change will be made either in present or future options in the provisions of the Option Plan which require that each option provide that the first one-third of the optioned stock may be purchased by the optionee, or his rights to purchase the same disposed of, at any time after six months from the date such option was granted, and the second one-third, at any time after one year from the date such option was granted. However, in the event the amendments are approved by stockholders, future options will provide that the third one-third of the optioned shares, including any option rights not previously exercised or disposed of, may be purchased by the optionee, or his rights to purchase the same disposed of, at any time after two years from the date the option was granted, but not later than five years after said date. The effect of the proposed amendment to the Stock Option Plan will be to extend the period within which present optionees and future optionees may exercise their options. In the case of present optionees the period of such extension will vary with the particular option and will depend upon when said option was granted. However, all outstanding options will, under the proposed amendment, expire not later than December 31, 1951. In the case of future options, the options will be extended from the present three-year period to a period of five years from the date of the granting thereof.

It is further recommended that as to options presently outstanding and which may be granted in the future, each optionee may have a period of one year (instead of six months as such options presently provide) after the termination of his employment within which to exercise or dispose of his option with respect to the number of shares, the rights to purchase which had accrued as of the date of the termination of his employment, and the balance of the option will revert to the Corporation.

It is also recommended that as to presently outstanding options and options which may be granted in the future, that in the event of the optionee's death while in the employ of the Corporation and before all of his option rights with respect to the stock of the Corporation have been exercised or disposed of, his legal representatives shall have, for a period of one year, (instead of six months as such options presently provide) following his death, the right to exercise or dispose of any options which would have been exercisable or transferable by him six months after his death, and the balance of the option will revert to the Corporation.



It is also proposed that the shares reserved for option and the presently outstanding options be reduced, both in number and in option price thereof, by 29%, so that there will be a reduction in the shares reserved for options from 125,000 to 88,750, and in the presently outstanding options from 106,216 to 75,413, and in the option price of outstanding options from \$25 to \$17.75, and in the case of Mr. T. M. Girdler, whose option covers 12,500 shares, from \$22.62½ to \$17.75 per share. The Option Plan presently provides that no option may be granted at less than \$19.87½ per share, which price is \$1.37½ per share above the closing price of such shares on the New York Stock Exchange on January 30, 1945, the date of the approval of the Plan by the Board of Directors. Accordingly, under the Plan the Board of Directors has authority at present to amend the option price of outstanding options at any time without stockholders' approval, provided that the amended option price is not less than \$19.87½ per share. Under the proposed amendment any stock presently reserved for options but not yet allotted may be allotted by the Board of Directors at a price of not less than \$17.75, but in every case the option price will, under the proposed amendment, have to be at least ⅓ of a point above the closing market price on the date of the allotment.

If the foregoing amendments are adopted, each optionee will have a longer period of time within which he may benefit from any change in the market price of the Common Stock of the Corporation, and a lower option price which may make it possible for him to exercise his option at a time when the market price of the Common Stock is in excess of the option price. In such event the Corporation might receive less consideration upon issuing shares pursuant to options than if the same number of shares were to be sold by the Corporation on the market. The proposed reduction in option price might result in increasing the foregoing difference in consideration received. Also, as has been set forth above on page 8, the optionee will have additional time during which court decisions or legislation may clarify, to his benefit, existing tax questions concerning such options and their exercise.

On April 27, 1945 Mr. T. M. Girdler, who was then Chairman of the Board of Directors of the Corporation, resigned as such. In order to secure the continued valuable services of Mr. Girdler, who was and is Chairman of the Board of Republic Steel Corporation, the Corporation entered into a contract of employment with Mr. Girdler, whereunder he agreed to serve as a consultant for a period of not less than three years from the date of the contract. The services required to be performed by him pursuant to said contract include consultation and advice relative to the maintenance of production, development of sales and the promotion of good-will in the domestic and foreign aircraft market. The Board of Directors considered that the duties to be performed by him were that of a supervisory executive. In said contract it was provided that the Corporation would grant to Mr. Girdler an option to purchase 12,500 shares of Common Stock of the Corporation at not less than \$19.87½ per share. Said option was granted on April 27, 1945 at an option price of \$22.62½ per share. The closing market price of the stock of the Corporation on said date was \$22.37½. Said option expires three years from date of issue and such option period is co-incident with the period of his employment contract. The purpose of the Board of Directors in recommending such amendment of Mr. Girdler's option, with respect to the period of time and option price and the effect thereof, is the same as has been set forth above with respect to all officers, directors, and supervisory executives of the Corporation holding options.

On February 1, 1947, the date of the adoption of the proposed amendments by the Board of Directors of the Corporation, the closing market price of the Common Stock on the New York Stock Exchange was \$17.50. The resolution of the Board of Directors provides that the foregoing proposed amendments will not become effective unless approved by the vote of the majority of the stock present and voting at said meeting, but if so approved shall become effective as of February 1, 1947.

Only officers and supervisory executives designated by the Committee will continue to be eligible to participate in the Plan. Inasmuch as the Plan is intended to furnish a continuing incentive to future as well as present officers and supervisory executives of the Corporation, it is not possible at this time to state the number or the names of the officers or supervisory executives who will be eligible to participate under the Plan. No options were granted during the past fiscal year. It is



intended that options will be offered to those officers and supervisory executives whose services to the Corporation are in the opinion of the Committee of such outstanding value or importance as to make it desirable in the interests of the Corporation to grant them participation in the Stock Purchase and Option Plan.

Under the Stock Option Plan of the Corporation options which are granted and which lapse become subject to reallocation. Whether any options will be reallocated to persons still in the employ of the Corporation but whose options have lapsed, or to any new optionees, will be determined by the Board of Directors upon the facts and circumstances of each individual case at the time any such question arises. Despite its authority under the Plan to reallocate options as aforesaid without the approval of stockholders, the Board of Directors deems it advisable that the question of the extension of the option period, as set forth in the proposed amendments, be submitted to stockholders for their vote, so that they may not only be advised of the same, but may also have the opportunity to express their approval or disapproval thereof. In the event that the holders of a majority of the stock voting at the meeting disapprove the proposed amendments, the Board of Directors will consider that their present power to reallocate to present or future optionees options which have lapsed has been terminated.

The proposed amendments, as set forth above, will not apply with respect to options held by persons no longer employed by the Company but which have not yet lapsed. It is believed that the extension of time from six months to one year after termination of employment, or in the event of death, within which options may be exercised and the proposed reduction in option price will not only benefit the optionee but will also benefit the Corporation, in that present and future optionees will better serve the Corporation in the knowledge that in the event services are terminated, they or their heirs will receive an additional length of time within which they may exercise their options, and at a lower option price.

The present members of the Committee which makes recommendations to the Board of Directors with respect to the allocations of shares of stock to be optioned to officers and supervisory executives are Victor Emanuel, Chairman, C. Coburn Darling, George E. Allen, Rudolph H. Deetjen, John D. Hertz, J. Mason Houghland, Louis A. Johnson and Donald N. McDonnell. All of such persons are directors of the Corporation, not connected with its management and are not eligible to receive options under the Plan.

The Stock Purchase and Option Plan of The Aviation Corporation is substantially similar to the Plan of the Corporation at the present time, and The Aviation Corporation has reserved for option and sale to its officers and other employees an aggregate of 375,000 shares of its authorized and unissued Common Stock. Of the shares so reserved for option and sale to officers and supervisory executives of The Aviation Corporation, 75,000 shares have been allotted to Mr. Irving B. Babcock, Chairman of the Board of Directors of the Corporation, and President and a director of The Aviation Corporation, and 271,667 shares have been allotted by The Aviation Corporation to other officers and employees of that corporation and there are 23,667 shares reserved for future allocation, certain outstanding options having lapsed. Mr. Victor Emanuel, Chairman of the Board of Directors of The Aviation Corporation, is a director of Consolidated Vultee Aircraft Corporation and a member of its Committee to make allocations of options as aforesaid, but may not participate in the Stock Purchase and Option Plan of this Corporation.

This Corporation and The Aviation Corporation have heretofore established pension plans integrated with the Federal Social Security Act, designed to afford pensions to certain qualified officers and employees upon their retirement, which is normally at age 65. The funds for such pensions are provided for by investment of joint contributions of the participants and the respective corporations in annuities purchased from legal reserve insurance companies. While the several plans are not identical, they are similar in that they have for their general purpose a method of providing a continuing income for employees after they have retired from active employment.

The amounts contributed during the past fiscal year by the Corporation for the benefit of each of its present officers who is a participant in the pension plan and holds outstanding options to pur-



chase stock, or is eligible to participate in the Stock Purchase and Option Plan, as well as the estimated amount of the annual benefits to be received thereunder are set forth in the table on page 4. As it is not known what present or future officers or supervisory executives, other than as set forth on pages 2 and 3, may be allocated stock options by the Committee pursuant to the Plan, it is neither practicable nor possible to give detailed information at this time regarding their possible participation in the pension plan.

Messrs. Darling and Allen, directors of this Corporation and members of the Committee to allocate options, are also directors of The Aviation Corporation and members of the Committee which will make allocations of options to purchase stock of The Aviation Corporation pursuant to its Stock Purchase and Option Plan. None of said persons may participate in the option plan of either corporation.

The consideration to be received by the Corporation upon the issuance of the option stock will be added to the Corporation's working capital. The Corporation has only one class of securities authorized, that being its Common Stock of the par value of \$1 per share of which 1,570,266.3 shares are issued and outstanding. The stock to be optioned will be Common Stock.

### ELECTION OF AUDITORS

It is intended that, unless otherwise specifically instructed in the proxies, the persons acting thereunder will vote in favor of the election of Arthur Young & Company as independent auditors for the Corporation for the fiscal year to end November 30, 1947.

### FINANCIAL STATEMENTS

This Proxy Statement is being accompanied by the Annual Report of the Corporation to its stockholders for the fiscal year ended November 30, 1946, including its Consolidated Balance Sheet at November 30, 1946, Statements of Consolidated Income and Earned Surplus for the year ended on said date, notes to financial statements and certificate of the Corporation's independent auditors, Arthur Young & Company. No further financial information is given for the reason that it is not believed the same would be material in the exercise of prudent judgment in considering the proposal for the extension of options and reduction in number of optioned shares and in option price. The Common Stock of the Corporation closed on the New York Stock Exchange on February 1, 1947 at \$17.50 per share. The aggregate sales price of the shares presently subject to outstanding options in the event that they are all exercised at present option prices would return to the Corporation the sum of \$625,712.50, and the aggregate sales price of the 18,784 shares remaining to be allotted, assuming the same are optioned at \$25 per share, would return to the Corporation \$469,600.00. The aggregate of both sums would be \$3,095,312.50 which is less than 4% of the total consolidated gross assets of the Corporation as shown by its Annual Report, and the amount realized on the sale of option stock would be less than 2% of such assets if the proposed reduction in option price as to present and future options is adopted by the stockholders. Financial statements of the Corporation for the three years ended November 30, 1945 are on file at the office of the Securities and Exchange Commission, Philadelphia, Pa. and at the office of the New York Stock Exchange and the San Francisco Stock Exchange.

### EXPENSES AND METHOD OF PROXY SOLICITATION

The accompanying proxy is solicited by and on behalf of the management of Consolidated Vultee Aircraft Corporation and the entire expense of preparing, assembling, printing and mailing the form of proxy and the material used in the solicitation of proxies, will be paid by Consolidated Vultee Aircraft Corporation.

In addition to the solicitation of proxies by use of the mails, the Corporation will retain Georgeson & Co., 52 Wall Street, New York City, assisted by approximately 25 persons, for limited periods to



aid in solicitation of proxies. For all of these services the Corporation will pay a fee plus out-of-pocket expenses and disbursements incurred in such solicitation, estimated in the aggregate at approximately \$3,000. These individuals will solicit proxies by personal interview, mail, telephone and telegraph, and may request brokerage houses and other custodians, nominees and fiduciaries, to forward soliciting material to the beneficial owners of the stock held of record by such persons.

#### REVOCATION OF PROXY

The proxy delivered pursuant to this solicitation is revocable at any time prior to the effective exercise thereof.

#### CONCLUSION

The only items of business which the management intends to present or is informed that others intend to present to this Annual Meeting of Stockholders are those set forth herein. However, if any other matters properly come before the meeting for action, it is the intention of the persons named in the proxy to vote pursuant to such proxy in accordance with their judgment on such matters.

In accordance with the By-Laws of Consolidated Vultee Aircraft Corporation, the Board of Directors has fixed the close of business February 19, 1947 as the record date for determining stockholders entitled to notice of and to vote at the aforesaid Annual Meeting of Stockholders, or any adjournment or adjournments thereof, and only stockholders of record at said time and date are entitled to notice of and to vote at said meeting. The transfer books of Consolidated Vultee Aircraft Corporation will not be closed.

By Order of the Board of Directors

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

HARRY WOODHEAD

*President*

Dated at San Diego, California  
February 27, 1947.



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# Proxy

## Annual Meeting of Stockholders of CONSOLIDATED VULTEE AIRCRAFT CORPORATION

KNOW ALL MEN BY THESE PRESENTS, that the undersigned stockholder of Consolidated Vultee Aircraft Corporation (hereinafter called the "Corporation") hereby constitutes and appoints IRVING B. BARCOCK, HARRY WOODHEAD, I. M. LADDON, C. COBURN DARLING and RUDOLPH H. DEETJEN, and each of them, the true and lawful attorneys, agents and proxies of the undersigned, with full power of substitution to each of them, for and in the name, place and stead of the undersigned to vote all of the shares of stock of the Corporation which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of the Corporation to be held at the general offices of the Corporation, San Diego, California, on March 19, 1947, at 11 o'clock A. M. Pacific Standard Time, or at any adjournment or adjournments thereof, with all the powers the undersigned would possess if personally present: (a) For the election of seventeen directors to hold office until the next annual meeting of the stockholders or until their successors are elected and qualified. The names of the nominees for such directors are set forth in the Proxy Statement accompanying the Notice of Meeting dated February 27, 1947, copies of which have been received by the undersigned; (b) For ( ) or against ( ) the election of Arthur Young & Company as independent auditors for the Corporation for the fiscal year to end November 30, 1947; (c) For ( ) or against ( ) proposed amendments to the Stock Purchase and Option Plan of the Corporation, which proposed amendments are contained in the Proxy Statement mailed to the stockholders of the Corporation with the Notice of Annual Meeting; (d) To take action upon such other matters as may properly come before the meeting, or any adjournment or adjournments thereof; hereby ratifying and confirming all that said attorneys, agents or proxies, and each of them, or their substitute or substitutes may do in and about the premises by virtue thereof.

Unless directed to the contrary herein, the attorneys and proxies appointed herein, or their substitute or substitutes, are hereby authorized and empowered by the undersigned to vote for the election, as directors of the Corporation, of the persons named in the aforesaid Proxy Statement as the nominees for directors of the Corporation, or in the event of contingencies, for the election of such different persons to the Board as will maintain the existing management of the Corporation; for the election of Arthur Young & Company as independent auditors for the Corporation for the fiscal year to end November 30, 1947; and for the proposed amendments to the Stock Purchase and Option Plan of the Corporation, which proposed amendments are contained in the Proxy Statement mailed to the stockholders of the Corporation with the Notice of Annual Meeting.

A majority of said attorneys, agents and proxies or their substitutes who shall be present and shall act at said meeting or any adjournment or adjournments thereof (or if only one shall be present and act then that one) shall have and may exercise all the powers of said attorneys, agents and proxies hereunder.

Dated this.....day of....., 1947.

EXHIBIT B

Stockholders who are present at the meeting may withdraw their proxy and vote, if they so desire, in person. When signing as attorney, administrator, trustee or guardian, please give your full title as such.



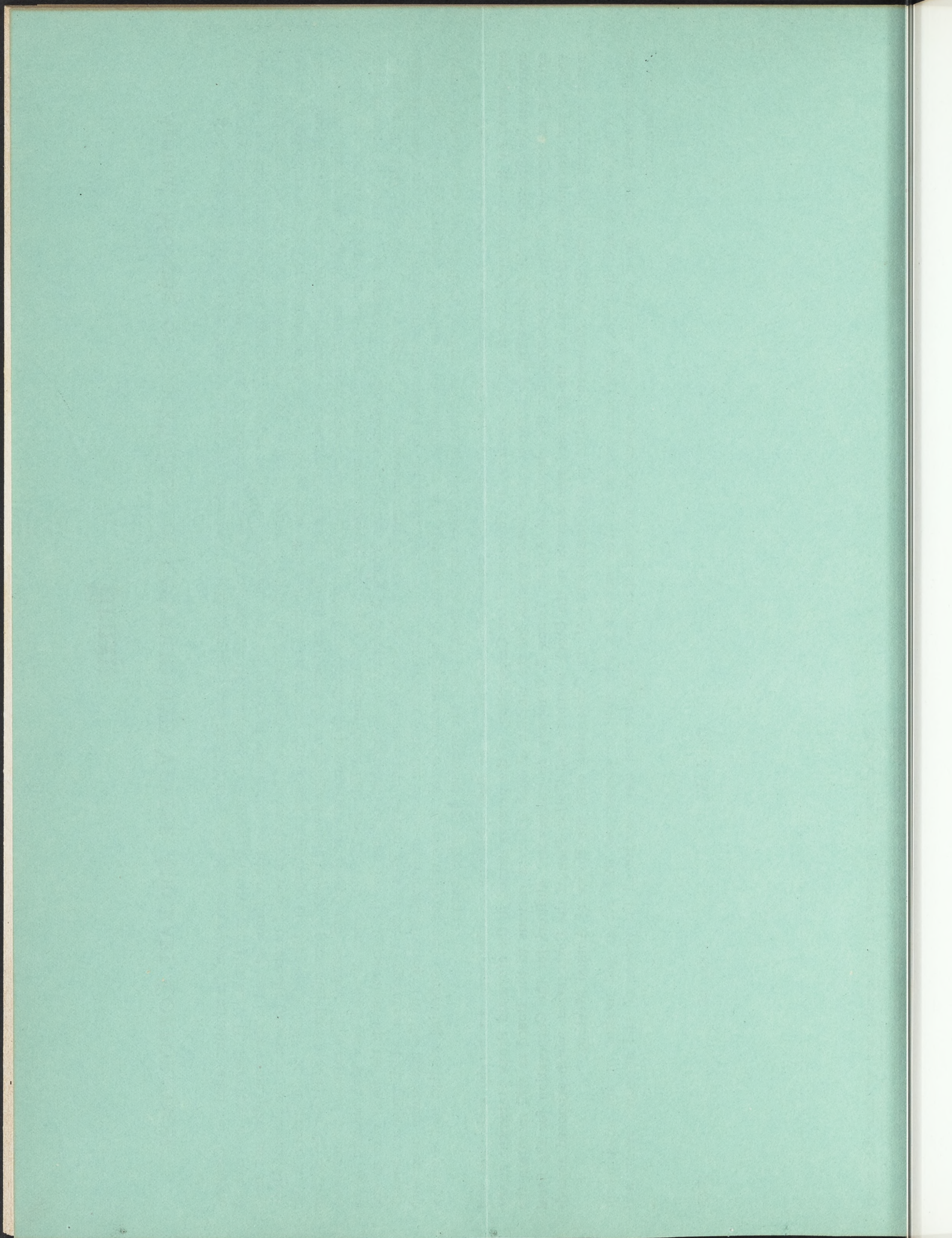




EXHIBIT "C"

Consists of

Annual Report of

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

for the Fiscal Year Ended November 30, 1946

as Prepared in Printed Form

(a copy is carried in Corporate Record files)



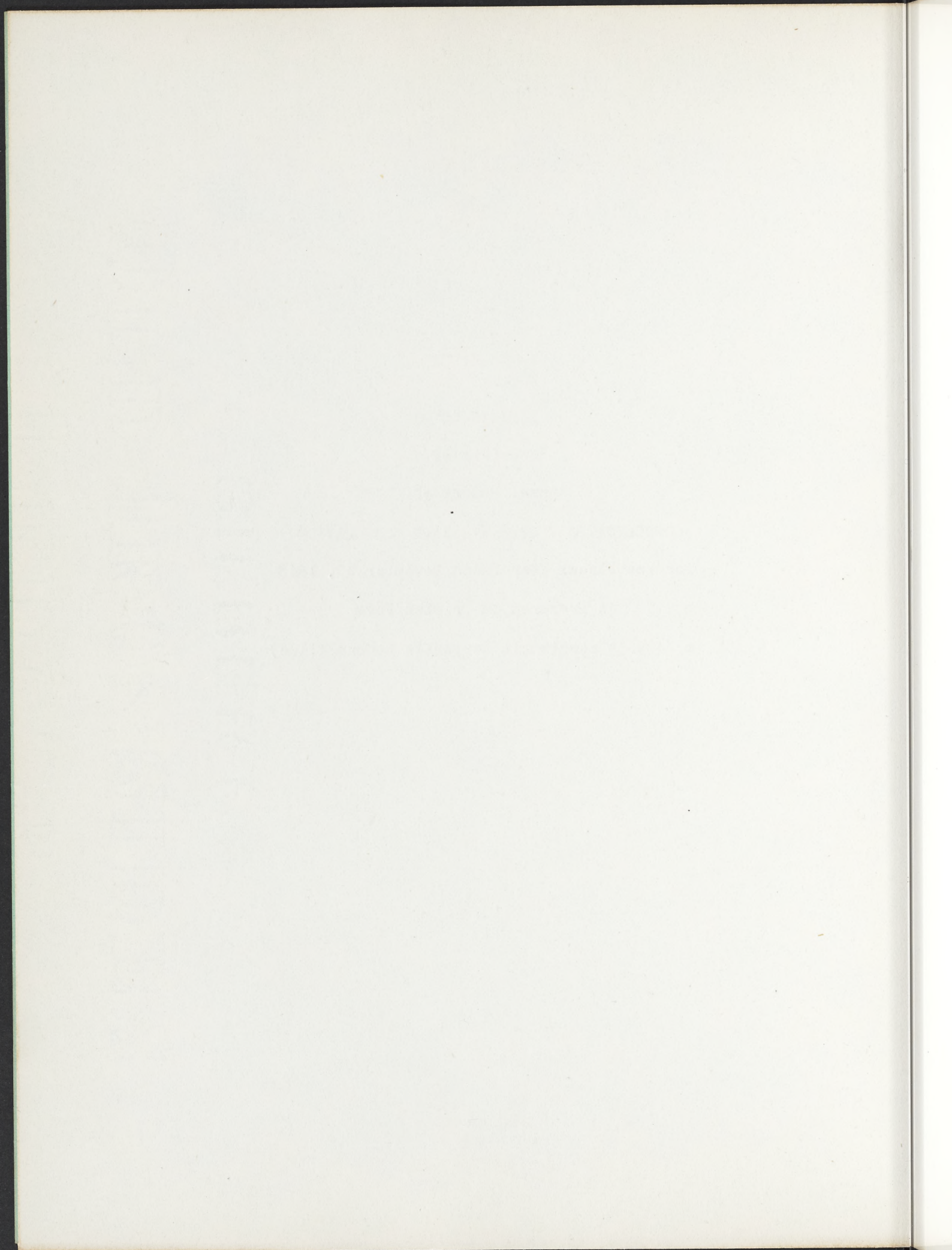




EXHIBIT "D"

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CONSOLIDATED VULTEE AIRCRAFT CORPORATION

c/o Schroder Trust Company

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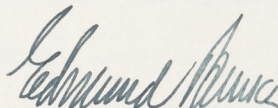
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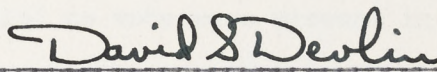


CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
OATH OF JUDGES FOR CONDUCTING THE VOTING BY  
BALLOT AT THE  
ANNUAL MEETING OF STOCKHOLDERS  
MARCH 19, 1947

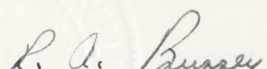
STATE OF CALIFORNIA)  
                                  ) SS:  
COUNTY OF SAN DIEGO)

We, Edmund Burke and David S. Devlin, duly appointed Judges for conducting the vote by ballot at this annual meeting of the holders of the Common Stock of Consolidated Vultee Aircraft Corporation, held this 19th day of March, 1947, do solemnly swear that we will faithfully and impartially perform our duties and will faithfully and diligently take charge of the ballots, proxies, and polls, and decide upon the qualification of voters, the validity of proxies, and the acceptance of or rejection of votes, canvass the votes cast, and honestly and truthfully report the results thereof, in accordance with the law and the By-laws and the Certificate of Incorporation of said corporation.

  
\_\_\_\_\_  
Edmund Burke

  
\_\_\_\_\_  
David S. Devlin

Sworn to and subscribed before  
me this 19th day of March, 1947

  
\_\_\_\_\_  
Notary Public in and for the  
County of San Diego, State of  
California. My commission  
expires August 31, 1949.



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CERTIFICATE AND REPORT OF JUDGES OF ELECTION

MARCH 19, 1947

STATE OF CALIFORNIA)  
COUNTY OF SAN DIEGO) SS:

We, the undersigned, Edmund Burke and David S. Devlin being duly appointed Judges for the purpose of conducting the voting by ballot of the holders of the Common Stock of Consolidated Vultee Aircraft Corporation at the annual meeting of stockholders of said corporation, held on the 19th day of March, 1947, at eleven o'clock a.m., Pacific Standard Time, at the offices of the corporation in the City of San Diego, State of California, DO HEREBY CERTIFY:

That we attended said annual meeting of the holders of the Common Stock of the corporation for the purpose aforesaid, and having taken an oath to conduct the vote by ballot for the election of the directors of the corporation, did enter upon the performance of our duties as Judges in conducting the voting for the election of directors of the corporation, in accordance with the law and the By-laws and Certificate of Incorporation of the corporation.

That at said stockholders' meeting stockholders holding more than a majority of the Common Stock entitled to vote were present in person or by proxy; that we, as Judges, took charge of the polls for the election of directors as aforesaid, received the ballots cast by the stockholders present in person or by proxy, and decided upon the qualifications of voters and the validity of proxies; that out of a total of 1,570,169 shares of the Common Stock issued and outstanding and entitled



STATE OF ILLINOIS

IN SENATE

January 10, 1907

REPORT OF THE

COMMISSIONERS OF THE LAND OFFICE  
IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE  
MAY 15, 1906  
RELATIVE TO THE LANDS BELONGING TO THE STATE OF ILLINOIS  
AND THE PROCEEDINGS THEREON  
DURING THE YEAR 1906  
ALTO, ILLINOIS  
JANUARY 10, 1907



3/19/47

to vote as of the close of business on February 19, 1947, the date of record for determining the stockholders entitled to notice of and to vote at said meeting, we did receive the votes by ballot for election of seventeen directors, said directors to serve until the next annual meeting of the Common Stockholders and until their successors are respectively elected and qualified, and the following received the number of votes set opposite their respective names:

DIRECTORS REPRESENTING COMMON STOCKHOLDERS

<u>Name</u>	<u>No. Of Shares For:</u>
George E. Allen	1,195,983
Irving B. Babcock	1,196,213
Neal Dow Becker	1,196,213
William A. Blees	1,196,213
Francis A. Callery	1,196,213
C. Coburn Darling	1,196,213
Rudolph H. Deetjen	1,196,213
Victor Emanuel	1,196,213
John D. Hertz	1,196,213
J. Mason Houghland	1,196,213
Louis A. Johnson	1,196,213
I. M. Laddon	1,196,213
Donald N. McDonnell	1,196,213
R. S. Pruitt	1,196,213
Joseph H. Rosenberg	1,196,213
V. C. Schorlemmer	1,196,213
Harry Woodhead	1,196,213

That we did receive the votes of the stockholders by ballot for the election of independent auditors of the company for the fiscal year ending November 30, 1947, and that the result of the voting taken at such meeting upon the election of auditors was as follows:

<u>Name</u>	<u>No. Of Shares For</u>	<u>No. Of Shares Against</u>
Arthur Young & Company	1,192,727	3,586

That we did receive the votes of the stockholders by ballot with respect to the proposed Amendments to the Stock Purchase and Option



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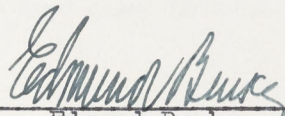


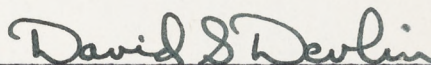
3/19/47

Plan as recommended by the Board of Directors and described in the corporation's Proxy Statement dated February 27, 1947, and that the result of the balloting upon said proposed amendments was as follows:

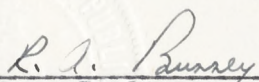
	<u>Number Of Shares Voted</u>
For approval of the proposed Amendments to the Stock Purchase and Option Plan	1,107,106
Against approval of the proposed Amendments to the Stock Purchase and Option Plan	29,692

IN WITNESS WHEREOF, we have made this certificate and have hereunto set our hands this 19th day of March, 1947.

  
\_\_\_\_\_  
Edmund Burke

  
\_\_\_\_\_  
David S. Devlin

Sworn to and subscribed before  
me this 19th day of March, 1947

  
\_\_\_\_\_  
Notary Public in and for the  
County of San Diego, State of  
California. My commission  
expires August 31, 1949.



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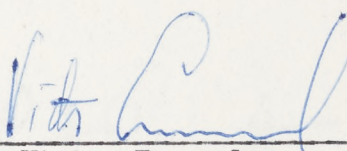




WAIVER OF NOTICE

The undersigned, Victor Emanuel, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Thursday, March 20, 1947, at 1:45 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at New York, New York, March 19, 1947.

  
\_\_\_\_\_  
Victor Emanuel



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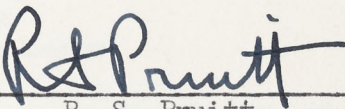
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WAIVER OF NOTICE

The undersigned, R. S. Pruitt, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Thursday, March 20, 1947, at 1:45 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at New York, New York, March 19, 1947.

  
\_\_\_\_\_  
R. S. Pruitt



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MINUTES OF A SPECIAL MEETING  
OF THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD THURSDAY, MARCH 20, 1947

A special meeting of the Executive Committee of the Board of Directors of the Consolidated Vultee Aircraft Corporation was held at the offices of the company, 3165 Pacific Highway, San Diego, California, on Thursday, March 20, 1947, at 1:45 p.m. Pacific Standard Time, pursuant to a written waiver of notice fixing the time and the place and stating the purposes of the meeting and consent to the meeting signed by all of the absent members of the Executive Committee.

The following members of the Executive Committee were present in person and constituted a quorum:

I. B. Babcock  
H. Woodhead  
I. M. Laddon  
W. A. Bles  
V. C. Schorlemmer

Mr. R. B. Watts was present at the invitation of the Chairman.

Mr. I. B. Babcock, Chairman of the Board, presided at the meeting, and at his request Mr. R. B. Watts served as Acting Secretary to record the minutes.

1. Mr. Babcock stated that the first matter of business was the consideration of the terms of the proposed contract between the Company and ACF-Brill Motors Company for the manufacture of a minimum of 900 Model C-40 or Model C-44 Motor Buses at Nashville.

The proposed contract was then discussed in detail, and



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MINUTES OF THE MEETING OF THE  
STOCK OPTION COMMITTEE OF THE BOARD OF DIRECTORS

numerous suggestions made for clarification of its terms. A general discussion of the proposed contract was then had, following which the members present unanimously voted in support of a motion to recommend approval of the contract by the Board of Directors.

2. There being no further business to come before the meeting it was thereupon adjourned.

held, 420 Lexington Avenue, New York, New York,  
on Wednesday, March 26, 1947, at 9:30 a.m. Eastern Standard Time,

pursuant to notice of the time and place of meeting duly  
given to all of the members of the committee.

Robert B. Watts  
R. B. Watts, Acting Secretary

There were present:

Messrs. George E. Allen  
C. Coburn Darling  
Rudolph H. Deetjen  
John D. Hertz  
Louis A. Johnson  
Donald N. McDonnell

APPROVED:

I. B. Babcock

Messrs. Victor Emanuel and J. Mason Houghland, members of the committee,  
I. B. Babcock, Chairman  
were unable to attend the meeting.

Mr. Donald N. McDonnell presided as Chairman, and Mr. W. M. Shanahan, Secretary of the company, recorded the minutes.

Mr. McDonnell stated that this meeting had been called for the purpose of considering the allocation of an option to Mr. R. G. Mayer, Division Manager of the Fort Worth Division, for 1,000 shares of Consolidated Vultee Aircraft Corporation common stock under the Stock Purchase and Option Plan, as amended.


After general discussion, a motion unanimously carried, approved the allocation of an option of 1,000 shares of Consolidated Vultee Aircraft Corporation common stock under the Stock Purchase and Option Plan, as amended, to Mr. R. G. Mayer, Division Manager of the




numerous suggestions made for clarification of its terms. A general discussion of the proposed contract was then had, following which the members present unanimously voted in support of a motion to recommend approval of the contract by the Board of Directors.

2. There being no further business to come before the meeting

it was thereupon adjourned.

  
 R. B. Watts, Acting Secretary

APPROVED:  
  
 I. B. Babcock, Chairman



MINUTES OF THE MEETING OF THE  
STOCK OPTION COMMITTEE OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD MARCH 26, 1947

---

The special committee appointed by the Board of Directors of Consolidated Vultee Aircraft Corporation to allocate options pursuant to the corporation's Stock Purchase and Option Plan, as amended, met in Room 1531 Graybar Building, 420 Lexington Avenue, New York, New York, on Wednesday, March 26, 1947, at 9:30 a.m. Eastern Standard Time, pursuant to notice of the time and place of holding said meeting duly given to all of the members of the committee.

There were present:

Messrs. George E. Allen  
C. Coburn Darling  
Rudolph H. Deetjen  
John D. Hertz  
Louis A. Johnson  
Donald N. McDonnell

Messrs. Victor Emanuel and J. Mason Houghland, members of the committee, were unable to attend the meeting.

Mr. Donald N. McDonnell presided as Chairman, and Mr. W. M. Shanahan, Secretary of the company, recorded the minutes.

Mr. McDonnell stated that this meeting had been called for the purpose of considering the allocation of an option to Mr. R. G. Mayer, Division Manager of the Fort Worth Division, for 1,000 shares of Consolidated Vultee Aircraft Corporation common stock under the Stock Purchase and Option Plan, as amended.

After general discussion, a motion unanimously carried, approved the allocation of an option of 1,000 shares of Consolidated Vultee Aircraft Corporation common stock under the Stock Purchase and Option Plan, as amended, to Mr. R. G. Mayer, Division Manager of the





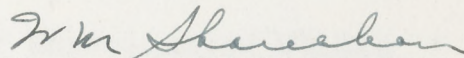


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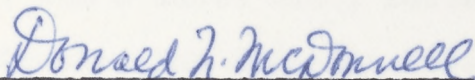
Fort Worth Division of the company, and recommended to the Board of Directors of the company that such an option be issued to Mr. Mayer.

There being no further business to come before the meeting, the same thereupon adjourned.



W. M. Shanahan  
Secretary of the Meeting

Approved:



Donald N. McDonnell  
Chairman of the Meeting



First North Division of the country, and was situated in the town of  
Albany of the county, and was an agent for the State of New York.  
There being no further business to come before the meeting, the  
meeting adjourned to the next meeting.  
Attest:  
Secretary of the Board

*Robert A. McNamee*  
Secretary of the Board



THE MINUTES OF THE ANNUAL MEETING  
OF THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
FOR THE YEAR 1947

---

TO THE BOARD OF DIRECTORS OF Board of Directors of Consolidated  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:  
Vultee Aircraft Corporation, a Delaware corporation, for the year 1947.

was held in Room 303 of the New York City Building, New York, New York, on Wednesday, March 26, 1947. YOU ARE HEREBY NOTIFIED that the annual meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation, a Delaware corporation, will be held Wednesday, March 26, 1947, commencing at the hour of ten o'clock A.M., Eastern Standard Time, in the offices of The Aviation Corporation, #1531 Graybar Building, New York, New York, for the election of officers and such other business as may properly come before the meeting.

It will be appreciated if you will notify Mr. R. S. Pruitt, 420 Lexington Avenue, New York, New York, whether or not you will attend this meeting.

Mr. W. M. Shanahan, Secretary, recorded the minutes.  
Dated at New York, New York, this 5th day of March, 1947.

The Chairman reported that the annual meeting of the stockholders of Consolidated Vultee Aircraft Corporation had been held at San Diego, California, on March 19, 1947, at which time the nominees I. B. BABCOCK, recommended by the management had been elected as directors to serve for Chairman the ensuing year, Arthur Young & Company had been elected as the company's W. M. SHANAHAN, auditors for the fiscal year ending November 30, 1947, and the Amendments Secretary to the Stock Purchase and Option Plan, as recommended by the Board of Directors and described in the Proxy Statement dated February 27, 1947, had been approved.

2. The Secretary presented the minutes of the meeting of the Board of Directors held on February 1, 1947, and the minutes of the



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

YOU ARE HEREBY NOTIFIED that the annual meet-

ing of the Board of Directors of Consolidated Vultee  
Aircraft Corporation, a Delaware corporation, will be  
held Wednesday, March 26, 1947, commencing at the hour  
of ten o'clock A.M., Eastern Standard Time, in the of-  
fices of The Aviation Corporation, 41551 Graybar Building,  
New York, New York, for the election of officers and such  
other business as may properly come before the meeting.  
It will be appreciated if you will notify Mr.  
R. S. Pruitt, 420 Lexington Avenue, New York, New York,  
whether or not you will attend this meeting.  
Dated at New York, New York, this 5th day of

March, 1947.

I. B. BABCOCK,

Chairman

W. M. SHANAHAN,

Secretary



THE MINUTES OF THE ANNUAL MEETING  
OF THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
FOR THE YEAR 1947

The annual meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation, a Delaware corporation, for the year 1947, was held in Room 1531 Graybar Building, New York, New York, on Wednesday, March 26, 1947, at 10 a.m. Eastern Standard Time, pursuant to notices duly given to all of the directors in accordance with the requirements of the By-laws.

The following directors were present at the meeting and constituted a quorum for the transaction of business:

George E. Allen	John Hertz
Irving B. Babcock	Louis A. Johnson
Neal Dow Becker	I. M. Laddon
William A. Blees	Donald N. McDonnell
Francis A. Callery	R. S. Pruitt
C. Coburn Darling	V. C. Schorlemmer
Rudolph H. Deetjen	Harry Woodhead

Mr. Irving B. Babcock, Chairman, presided at the meeting, and Mr. W. M. Shanahan, Secretary, recorded the minutes.

1. The Chairman reported that the annual meeting of the stockholders of Consolidated Vultee Aircraft Corporation had been held at San Diego, California, on March 19, 1947, at which time the nominees recommended by the management had been elected as directors to serve for the ensuing year, Arthur Young & Company had been elected as the company's auditors for the fiscal year ending November 30, 1947, and the Amendments to the Stock Purchase and Option Plan, as recommended by the Board of Directors and described in the Proxy Statement dated February 27, 1947, had been approved.

2. The Secretary presented the minutes of the meeting of the Board of Directors held on February 1, 1947, and the minutes of the



THE STATE OF NEW YORK  
IN SENATE  
January 1, 1917.  
REPORT  
OF THE  
COMMISSIONERS OF THE LAND OFFICE  
IN RESPONSE TO A RESOLUTION  
PASSED BY THE SENATE  
MAY 1, 1915.

The annual report of the Commissioner of the Land Office for the year 1916, was presented to the Senate at its session on January 1, 1917. The report contains a detailed statement of the work of the Land Office during the year, and also a statement of the condition of the public lands of the State.

The report is divided into two parts. The first part contains a statement of the work of the Land Office during the year, and the second part contains a statement of the condition of the public lands of the State.

The work of the Land Office during the year 1916, was characterized by a steady and continuous progress. The Commissioner has been able to complete the work assigned to him by the Senate, and to make a thorough examination of the public lands of the State.

The condition of the public lands of the State, as shown by the report, is generally good. The lands are well cared for, and the public interest is well protected.

The report also contains a statement of the work of the Land Office during the year 1915, and a statement of the condition of the public lands of the State for that year.

The report is a valuable document, and it is hoped that it will be of great service to the Senate in its consideration of the public lands of the State.

The report is presented to the Senate at its session on January 1, 1917, and the statement of the condition of the public lands of the State for the year 1916.



meeting of the Executive Committee of the Board of Directors held on March 20, 1947. After due consideration, the minutes of these meetings were approved as recorded.

3. The Chairman stated that inasmuch as this was the annual meeting of the Board of Directors, it would be in order to proceed with the election of the following officers for the ensuing year and fix their compensation:

Chairman of the Board  
President  
Executive Vice President  
Vice Presidents  
Secretary and Treasurer  
Controller  
Assistant Secretary and  
Assistant Treasurer  
Assistant Secretaries

Thereupon, after due consideration, the following persons were nominated and unanimously elected to the offices set opposite their respective names, to hold said offices until the next annual meeting of the Board of Directors of the company or until their respective successors are elected and qualified, subject, however, to all the provisions of the By-laws of the company:

Irving B. Babcock	Chairman of the Board
Harry Woodhead	President
I. M. Laddon	Executive Vice President
C. T. Leigh	Vice President
R. S. Pruitt	Vice President and General Counsel
V. C. Schorlemmer	Vice President
William A. Blees	Vice President
W. M. Shanahan	Secretary and Treasurer
G. T. Bovee	Controller
R. A. Bussey	Assistant Secretary and Assistant Treasurer
Edmund Burke	Assistant Secretary
Henry J. Oechler	Assistant Secretary



Meeting of the Executive Committee of the Board of Directors held on  
March 20, 1911. After the usual business, the minutes of the previous  
meeting were approved as read.  
The Chairman stated that the Board of Directors had held a  
meeting at the Hotel of the City of New York on March 19, 1911, at  
the direction of the following officers: The meeting was held at the  
Hotel of the City of New York.

Minutes of the Board of Directors held on March 20, 1911.  
The Board of Directors held a meeting at the Hotel of the City of New York  
on March 20, 1911, at the direction of the following officers:  
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The Board of Directors held a meeting at the Hotel of the City of New York  
on March 20, 1911, at the direction of the following officers:  
The meeting was held at the Hotel of the City of New York.

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There was next brought up for consideration the fixing of the compensation of the above officers and after due consideration, the following resolutions were adopted by the vote of all of the directors present except that Messrs. Babcock, Woodhead, Laddon, Schorlemmer, Blee, and Pruitt were recorded in each case as not voting on that portion of the resolution which pertained to the fixing of his own compensation.

RESOLVED that the compensation of each of the following officers of the company shall be and hereby is fixed at the following annual rate:

Irving B. Babcock, as Chairman of the Board	\$40,000
Harry Woodhead, as President	70,000
I. M. Laddon, as Executive Vice President	70,000
C. T. Leigh, as Vice President	15,000
V. C. Schorlemmer, as Vice President	26,000
William A. Blee, as Vice President	40,000
R. S. Pruitt, as Vice President and General Counsel	Compensation included in the retainer fee paid to General Counsel
W. M. Shanahan, as Secretary and Treasurer	20,000
G. T. Bovee, as Controller	15,000
Robert A. Bussey, as Assistant Secretary and Assistant Treasurer	10,000
Edmund Burke, as Assistant Secretary	Carried on Flat Salary Payroll
Henry J. Oechler, as Assistant Secretary	Without compensation

and be it further

RESOLVED that the Treasurer is authorized to make payments to the foregoing officers in monthly or semi-monthly installments at the rates of compensation above set forth until further action of the Board of Directors of this company.

4. The next business brought before the meeting was the appointment of an Executive Committee of the Board of Directors of the company. After due consideration, the following resolution was adopted:



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investigation of the above affairs and the results of the investigation



RESOLVED that the Board of Directors, pursuant to the By-laws of the company and the laws of the State of Delaware, appoint an Executive Committee to consist of Messrs. Irving B. Babcock, Harry Woodhead, I. M. Laddon, V. C. Schorlemmer, William A. Bles, Victor Emanuel, and R. S. Pruitt.

5. There was then brought up for consideration the appointment of the General Counsel of the company for the fiscal year to end November 30, 1947, and the fixing of the compensation to be paid to the General Counsel for services rendered and to be rendered. Upon a motion offered and carried by the vote of all of the directors present except Mr. Pruitt, who was recorded as not voting thereon, Messrs. Pruitt, Desvernine, Hale and Coursen, and Messrs. Pruitt and Grealis were appointed General Counsel of the company for the fiscal year to end November 30, 1947, and the annual retainer to be paid to the General Counsel was fixed at the rate of \$110,000 annually, plus an adjustment of \$10,000 for the 3 months ended February 28, 1947, to be allocated between Messrs. Pruitt, Desvernine, Hale and Coursen, and Messrs. Pruitt and Grealis in such proportions as Mr. Pruitt may request. This retainer is to cover the salary of Mr. R. S. Pruitt as Vice President and General Counsel and the salaries and compensation of all attorneys regularly assigned to the company at San Diego or elsewhere, but it is not to include expenditures made by the firms for transportation of their personnel on company business, hotel bills and other expenses of attorneys while absent from their usual place of residence on company business, or out-of-pocket disbursements for long-distance telephone calls, telegrams, and similar items. It also is not to include the fees or personal expenses of local attorneys at the Fort Worth and Nashville Divisions, nor charges for patent work, Federal tax cases, litigated matters, or the







preparation of registration statements under the Securities Act of 1933. All excluded items are to be subject to special arrangements approved by the management, and all expenditures made by the General Counsel's office since December 1, 1946, for items which, under the arrangement in effect in previous years, were absorbed by the General Counsel but are now payable by the company, are to be repaid to the General Counsel upon receipt by the company of statements covering such expenditures.

6. Mr. Pruitt next stated that the reduction in the number of shares of common stock to be issued under the Stock Purchase and Option Plan, as amended, would require filing various applications. After discussion, the following resolution was unanimously adopted:

RESOLVED that the officers of the company be and they hereby are authorized and instructed to make all required applications for sale, registration, and listing of those common shares of stock of the company to be issued under the Stock Purchase and Option Plan, as amended.

7. It was then stated that the Option Committee of the Board of Directors had approved the granting of an option under the Stock Purchase and Option Plan, as amended, to Mr. R. G. Mayer, Division Manager of the Fort Worth Division, to purchase 1,000 shares of the authorized and unissued common stock of the company of the par value of \$1 per share, subject to such terms and conditions as are set forth in the Stock Purchase and Option Plan, as amended.

Thereupon, on motion duly made and seconded, the officers of the company were authorized to grant to Mr. R. G. Mayer an option to purchase 1,000 shares of the authorized and unissued common stock of the company under the terms and conditions of the Stock Purchase and Option Plan, as amended.







8. Mr. Woodhead next made a report on the operations and the labor conditions at the various divisions. He also reported on the back-log of orders and stated that 13 Voyager airplanes were being produced daily at the Stinson Division, and that production at the Nashville Division was proceeding satisfactorily except for a temporary delay in the stove schedule, largely due to unsatisfactory material deliveries.

9. Mr. Laddon then reported on the progress being made on new projects and stated that the Model 240 flight characteristics were very good, that this model airplane was not overweight, and that it will meet its speed guarantees. Mr. Laddon also reported on the electronic laboratory work, on experimental missile projects, and on the XB-46, XP-92, and XP-5Y-1 experimental airplanes.

10. Mr. Laddon then reported that the company had expended \$324,000 on the roadable airplane project at February 28, 1947, and requested an appropriation of \$400,000 to be expended on this project during the remainder of 1947, including the construction of one flight section and two 4-passenger ground vehicles.

After discussion and full consideration, a motion unanimously carried, approved the expenditure of \$324,000 on this project to February 28, 1947, and authorized a further expenditure of \$400,000 during the remainder of 1947, including the construction of one flight section and two 4-passenger ground vehicles.

11. The proposed contract with the ACF-Brill Motors Company for the manufacture of buses at the Nashville Division was next presented for consideration. It was stated that the Executive Committee of the Board



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of Directors, at a meeting held on March 20, 1947, had reviewed this proposed contract and had recommended approval of the contract by the Board of Directors. It was also stated that Mr. Babcock did not participate in the negotiating of this contract, that all negotiations had been conducted at arm's-length, and that Arthur Young & Company, auditors of the company, had advised on accounting matters relative to the negotiations.

Upon a motion made and unanimously carried, the proposed contract with the ACF-Brill Motors Company for the manufacture of buses at the Nashville Division was approved, and the officers of the company were authorized and instructed to execute this proposed contract with the ACF-Brill Motors Company.

12. The situation at the Vultee Field Division was then presented for consideration. It was stated that the cancellation of the contract for Model XP-81 airplanes left the Vultee Field Division with only the production of parts for the Model B-36 and certain experimental projects, all of which work would only utilize a small portion of the facilities of that division, and consideration should be given to closing the division about July 1, 1947, and transferring the B-36 work to the Fort Worth Division and all experimental projects to the San Diego Division. It was stated that the officials of the War and Navy Departments in Washington, with whom this matter had been discussed, had orally approved the closing of the division. It was further pointed out that it would be uneconomical to continue the operation of this division and that a majority of the benefits that will result from the closing of the division, such as lower overhead rates, would primarily accrue to the Government. It







was estimated that as against a cost of approximately \$400,000 to be incurred in the transfer of these projects, including materials, required facilities, and approximately 200 selected employees, there would be an estimated gross saving to the Government on the applicable CPFF contracts during the years 1947 and 1948 of approximately \$3,400,000.

Attention was called to the offer recently made by the company to purchase certain government-owned facilities at the Vultee Field Division, and it was stated that the War Assets Administration would not expect the company to purchase government-owned facilities that could not be used. It was suggested that the company join the War Assets Administration in the sale of the land and buildings at Vultee Field, provided the company receives either 30% of the proceeds of the sale or \$500,000, whichever is higher, for all company-owned land and buildings at Vultee Field.

After discussion and full consideration, a motion made and unanimously carried, authorized and instructed the officers of the company to transfer all work, materials, required facilities, and selected personnel from the Vultee Field Division to other divisions; to close the Vultee Field Division as soon as feasible; to withdraw the offer made to the Government to purchase government-owned facilities at Vultee Field; to join the War Assets Administration in the sale of facilities at Vultee Field, provided the company receives either 30% of the proceeds of the sale or \$500,000, whichever is higher; and to execute for and in behalf of the company any contract of sale or other documents needed to effectuate these acts.

13. Mr. Woodhead next submitted the report of the committee appointed by the Board of Directors to review the manufactured-house







project, which report recommended that the company should not go ahead with the project. Mr. Woodhead also presented Mr. R. S. Fleet's report on the status of this project, and the prospects of disposing of the project as presently developed.

After full discussion and consideration, a motion made and unanimously carried, ratified the action of the officers of the company in discontinuing the manufactured-house project and authorized the Executive Committee of the Board of Directors to dispose of the project, either for cash or on a royalty basis of \$25 a house on the first 5,000 houses manufactured and \$10 on each additional house.

14. Mr. Babcock then reported that sales of the Stinson airplane are continuing at a fair level, that the present Stinson production schedule would be finished in September, 1947, and that consideration should be given to the development of the 1948 Stinson airplane.

After full discussion and consideration, a motion made and unanimously carried, approved an expenditure of \$60,000 to cover the cost of designing the 1948 Model Stinson airplane.

15. It was next stated that if the company wanted to provide for continuity of production of Model 240 airplanes beyond the number of airplanes presently covered by firm orders, it would now be necessary to place orders aggregating approximately \$400,000 for certain critical raw material for an additional 50 airplanes.

After discussion and full consideration, a motion unanimously carried, authorized the officers of the company to place orders aggregating approximately \$400,000 for certain critical raw material needed for the production of 50 Model 240 airplanes beyond the number of airplanes presently covered by firm orders.







16. The financial statements prepared by the Controller, including the Consolidated Balance Sheet as at January 31, 1947, and Statements of Consolidated Income and Surplus for the 2 months ended January 31, 1947; also, the Consolidated Balance Sheet as at February 28, 1947, and Statements of Consolidated Income and Surplus for the 3 months ended February 28, 1947; and the press release of quarterly earnings report for the 3 month period ended February 28, 1947, were received, discussed, and filed.

17. It was next reported that during the month of February, 1947, the company sold an additional 10,000 shares of stock in Fleet Manufacturing and Aircraft, Limited, at a price net to the company of \$3.22 a share, reducing the number of shares owned by the company to 28,000.

18. The following requests for memberships and contributions were then approved:

	<u>Amount</u>
a. Fort Worth Chamber of Commerce	\$5,000
b. Tennessee Taxpayers Association	750
c. Harvard University Graduate School of Business Administration for a study of the air transport industry (this payment to be considered a part of the \$50,000 approved February 1, 1947, for payment to the Air Transport Association)	5,000

The following requests for membership fees and contributions were deferred until the next meeting of the Board of Directors:

- a. National Planning Association
- b. Harding College

A request for a contribution to American Cancer Society was rejected.



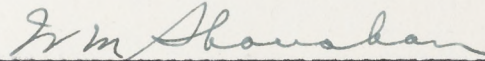




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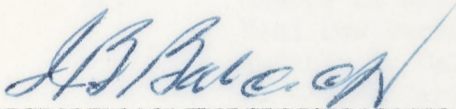
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19. There being no further business to come before the meeting,  
it was thereupon adjourned.



W. M. Shanahan, Secretary

Approved:



I. B. Babcock, Chairman



It is the duty of every citizen to support the government.

It is the duty of every citizen to support the government.

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April 3, 1947

To:	George E. Allen	Victor Emanuel
	Neal Dow Becker	John Hertz
	Francis A. Callery	Louis A. Johnson
	C. Coburn Darling	Donald N. McDonnell
	Rudolph H. Deetjen	R. S. Pruitt
	Irving B. Babcock	

Mr. Babcock has instructed me to notify you that a regular meeting of the Board of Directors of this company will be held at 2 p.m. Eastern Standard Time, on Thursday, April 24, 1947, in the Jansen Suite, Waldorf Astoria Hotel, New York City.

Please use the accompanying copy of this letter to inform us whether you will attend the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

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April 3, 1947

To:	William A. Bles	Joseph H. Rosenberg
	J. Mason Houghland	V. C. Schorlemmer
	I. M. Laddon	Harry Woodhead

Mr. Babcock has instructed me to notify you that a regular meeting of the Board of Directors of this company will be held at 2 p.m. Eastern Standard Time, on Thursday, April 24, 1947, in the Jansen Suite, Waldorf Astoria Hotel, New York City.

Please use the accompanying copy of this letter to inform us whether you will attend the meeting.

As soon as we hear from a representative number of the directors, transportation will be planned and you will be notified accordingly.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

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April 1, 1911

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MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD THURSDAY, APRIL 24, 1947

A regular meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation was held in the Jansen Suite, Waldorf Astoria Hotel, New York, New York, on Thursday, April 24, 1947, at 2 p.m. Eastern Standard Time, pursuant to notices duly given to all of the directors in accordance with the requirements of the By-laws. The following directors were present at the meeting and constituted a quorum for the transaction of business:

George E. Allen	Louis A. Johnson
Irving B. Babcock	I. M. Laddon
Neal Dow Becker	Donald N. McDonnell
William A. Blees	R. S. Pruitt
Francis A. Callery	Joseph H. Rosenberg
C. Coburn Darling	V. C. Schorlemmer
Rudolph H. Deetjen	Harry Woodhead
Victor Emanuel	

Mr. Irving B. Babcock, Chairman, presided at the meeting and Mr. W. M. Shanahan, Secretary, recorded the minutes.

1. The Secretary presented the minutes of the annual meeting of the Board of Directors held on March 26, 1947. After due consideration, the minutes of that meeting were approved as recorded.

2. Mr. Woodhead then made a report on the operations and the labor conditions at the various divisions. He stated that as of this date, there were approximately 25,900 employees and that with the exception of a slight delay in the delivery of government-furnished equipment for Model L-13 airplanes and a delay in the delivery of material required by the Nashville Division, production generally was progressing satisfactorily. He also stated that the closing of the Vultee Field Division would be completed by August 1, 1947.







4/24/47

3. Mr. Laddon next reported on the progress being made on new projects. He stated that a second flight of the Model XB-46 airplane showed satisfactory results and that the Army Air Forces had commented favorably upon this airplane. Mr. Laddon also stated that the Model 240 airplane speed runs showed good performance. He also reported on Models XB-36 and XP5Y-1 airplanes and on the experimental missile projects, and informed the Board that work on the roadable airplane was progressing satisfactorily. He further stated that, after considerable study, the management had decided that a 4-place flight article and a 4-place road vehicle would be more practicable than the 2-place flight article and 4-place road vehicle discussed at the meeting of March 26, 1947, and the company was accordingly concentrating its energies on the former. He also informed the Board that studies were now being made to determine whether it would be feasible to use in the road vehicle a 2-cylinder version of the 6-cylinder motor that the company is planning to use in the flight article.

4. The manufactured-house project was then presented for consideration. A proposed agreement to be made with Mr. R. S. Fleet, who had tendered his resignation effective April 30, 1947, as an employee of the company, was presented. The proposed agreement would grant to Mr. Fleet an option exercisable on or before June 18, 1947, to purchase, on a royalty basis, the manufactured-house prototype and furnishings, the surplus material and parts acquired for the project, the design and manufacturing rights, and certain data. If Mr. Fleet or a corporation with a minimum paid-in capital of \$100,000 to which Mr. Fleet has the right to assign his contract, fails to manufacture and sell houses within one year after June 18, 1947, then all design and manufacturing rights



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revert to Consolidated Vultee Aircraft Corporation and Mr. Fleet must pay \$6,000 for the prototype, furnishings, and surplus material.

After discussion and full consideration, upon a motion offered and carried by the vote of all of the directors present, except Mr. Laddon who was recorded as not voting thereon, the proposed agreement with Mr. R. S. Fleet was approved.

5. Mr. Blees next presented a proposed general Sales Department Budget of \$788,596 for advertising, sales promotion, and public relations for the 6 months ending November 30, 1947, and a proposed Stinson Sales Department Budget of \$416,746 for the 6 months ending November 30, 1947, which budgets did not include items approved but not expended during the first 6 months of 1947. It was stated that many of these unexpended items had been temporarily deferred and would have to be expended during the last 6 months of 1947 in order to fulfill commitments previously made.

After full discussion, the general Sales Department Budget for advertising, sales promotion, and public relations for the 6 months ending November 30, 1947, of \$788,596, and the Stinson Sales Department Budget for the 6 months ending November 30, 1947, of \$416,746, were approved and no reduction was made in the unexpended amounts previously approved for the 6 months ending May 31, 1947.

6. A report was then presented by Mr. V. C. Schorlemmer on the proposed renegotiation settlements for the fiscal years 1945 and 1946. It was stated that the settlement for the fiscal year 1946 would be for that part of that fiscal year which ended December 31, 1945. It was also stated that these settlements would be in the nature of clearance agreements which







4/24/47

would provide for no payments to the Government, and that these proposed renegotiation settlements would be approved by counsel before execution.

After discussion and full consideration, the following resolutions were unanimously adopted:

RESOLVED that the proposed renegotiation agreement submitted to this meeting between the Corporation and the United States of America, which provides in part for the elimination of none of the Corporation's renegotiable profits for the fiscal year ended November 30, 1945, and which is to be entered into pursuant to the Renegotiation Act, be and the same hereby is approved; that Mr. Harry Woodhead, the President, and Mr. V. C. Schorlemmer, a Vice President of the Corporation, be, and they hereby are, authorized severally and not jointly to execute in the name and on behalf of the Corporation an agreement with the United States of America in such form and containing such terms and provisions or with such changes and amendments as either of them may, in their discretion, approve; that the Secretary or an Assistant Secretary of the Corporation, be, and he hereby is, authorized to affix the corporate seal of the Corporation thereto and to attest the same, and thereupon to deliver the same; and that the officers of the Corporation are authorized to carry out the terms of said proposed renegotiation agreement, as presented to this meeting, or with such changes or amendments as the President or Vice President may approve; and be it further

RESOLVED that the proposed renegotiation agreement submitted to this meeting, between the Corporation and the United States of America, which provides in part for the elimination of none of the Corporation's renegotiable profits for the fiscal year ended November 30, 1946, and which is to be entered into pursuant to the Renegotiation Act, be and the same hereby is approved; that Mr. Harry Woodhead, the President, and Mr. V. C. Schorlemmer, a Vice President of the Corporation, be, and they hereby are, authorized severally and not jointly to execute in the name and on behalf of the Corporation an agreement with the United States of America in such form and containing such terms and provisions or with such changes and amendments as either of them may, in their discretion, approve; that the Secretary or an Assistant Secretary of the Corporation, be, and he hereby is, authorized to affix the corporate seal of the Corporation thereto and to attest the same, and thereupon to deliver the same; and that the officers of the Corporation are authorized to carry out the terms of said proposed renegotiation agreement, as presented to this meeting, or with such changes or amendments as the President or Vice President may approve.







4/24/47

7. The attention of the Board was next called to the apparent need of a plan under which the company would sell Model 240 airplanes on terms providing for installment payments.

After discussion and full consideration, upon a motion made and unanimously carried, a committee composed of Messrs. Babcock (Chairman), McDonnell, Rosenberg, Callery, and Deetjen, was appointed to work with the management of the company in setting up a plan for financing the installment sale of Model 240 airplanes.

8. It was next suggested that the officers of the company should be authorized to purchase products liability insurance on Model 240 airplanes to protect the company from damage to the airplanes and from damage to persons or property because of faulty design or workmanship after the airplanes have been delivered to customers.

After discussion and full consideration, a motion unanimously carried, set the amount of products liability insurance, including damage to the airplanes, to be carried by the company on Model 240 airplanes at \$2,000,000, actual purchase of this insurance to be deferred until after additional quotations have been obtained from interested insurance carriers.

9. The financial statements prepared by the Controller, including the Consolidated Balance Sheet at March 31, 1947, and Statements of Consolidated Income and Surplus for the 4 months ended March 31, 1947, were then received, discussed, and filed.

10. It was next suggested that consideration be given at this time to the declaration of a dividend on the common stock of the company. After thorough discussion, it was decided that a dividend of 25¢ a share on the common stock should be declared and paid on May 15, 1947.







Thereupon, the following resolutions were unanimously adopted:

RESOLVED that a dividend of 25¢ a share on the outstanding Common Stock of this company is hereby declared and ordered paid on the outstanding Common Stock on May 15, 1947, to the holders of the Common Stock of record at the close of business on May 5, 1947, and be it further

RESOLVED that the Treasurer is hereby instructed to pay to Schroder Trust Company, New York City, as Dividend Disbursing Agent, the funds required to disburse the Common Stock dividend payable on May 15, 1947, and that Schroder Trust Company, acting as Dividend Disbursing Agent, is instructed to disburse the said dividend to the holders of the Common Stock of the company, in accordance with the terms of the foregoing resolution.

11. The following request for a contribution was approved:

	<u>Amount</u>
Harding College, Searcy, Arkansas	\$500

12. There being no further business to come before the meeting, it was thereupon adjourned.

Wm Shanahan  
W. M. Shanahan, Secretary

Approved:

Irving B. Babcock  
Irving B. Babcock, Chairman



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WAIVER OF NOTICE

The undersigned, I. B. Babcock, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Tuesday, May 27, 1947, at 4 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at Detroit, Michigan, May 26, 1947.

A handwritten signature in dark ink, appearing to read 'I. B. Babcock', with a long horizontal stroke extending to the right.

I. B. Babcock



THE UNIVERSITY OF CHICAGO

The University of Chicago, under the leadership of its President, Mr. Robert A. Taft, has been fortunate in securing the services of Mr. J. Edgar Hoover, Director of the Federal Bureau of Investigation, as its first Vice-President. Mr. Hoover, who has been in the service of the Government for many years, is a man of high character and ability, and his appointment to this position is a great honor to the University. He will be in charge of the University's affairs, and will be responsible for the management of its finances, and for the supervision of its buildings and grounds. He will also be responsible for the University's relations with the Government, and for the University's participation in the national defense program. Mr. Hoover's appointment is a reflection of the high regard in which the University is held by the Government, and of the confidence which the Government has placed in the University's leadership.

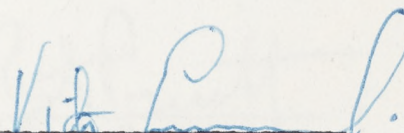
Very truly yours,  
J. Edgar Hoover  
Director, Federal Bureau of Investigation



WAIVER OF NOTICE

The undersigned, Victor Emanuel, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Tuesday, May 27, 1947, at 4 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at New York, New York, May 26, 1947.

  
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Victor Emanuel



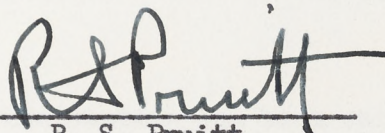
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WAIVER OF NOTICE

The undersigned, R. S. Pruitt, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Tuesday, May 27, 1947, at 4 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at New York, New York, May 26, 1947.

  
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R. S. Pruitt







MINUTES OF A SPECIAL MEETING OF THE  
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD TUESDAY, MAY 27, 1947

A special meeting of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation was held at the offices of the company at 3165 Pacific Highway, San Diego, California, on Tuesday, May 27, 1947, at 4 p.m. Pacific Standard Time, pursuant to a written waiver of notice fixing the time and the place and stating the purposes of the meeting and consent to the meeting signed by all of the absent members of the Executive Committee.

The following members of the Executive Committee were present in person and constituted a quorum:

Harry Woodhead  
I. M. Laddon  
V. C. Schorlemmer  
W. A. Blees

Mr. Harry Woodhead, President, presided at the meeting and Mr. V. C. Schorlemmer, Vice President, acted as Secretary and recorded the minutes.

1. Mr. Woodhead stated that this meeting had been called for the purpose of considering certain proposals in connection with the production and sale of Stinson Voyager airplanes. It was suggested that the daily production of Stinson Voyager airplanes be reduced on July 1, 1947, from 13 to 8 a day. This rate of production would complete a total of 4,259 Voyager airplanes at approximately February 1, 1948. It was stated that if this production program was adopted, it would be necessary to place purchase orders promptly for certain materials required to complete the total of 4,259 airplanes. It was also stated that it appeared



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advisable to permit the continued daily delivery of 13 Franklin engines until the total number of engines required for 4,259 Voyager airplanes has been received. It was also suggested that the period for the expenditure of \$341,493 apportioned to advertising in the Stinson Sales Department Budget for the fiscal year 1947, approved at meetings of the Board of Directors held February 1, 1947, and April 24, 1947, be extended to cover the 14 month period ending January 31, 1948.

After discussion and full consideration, a motion unanimously carried; approved the proposed change in the production of Stinson Voyager airplanes to provide for a production of 8 airplanes each day beginning on July 1, 1947; approved the proposal that no change be made in the scheduled daily delivery of Franklin engines; authorized the officers of the company to place orders for the material needed to complete a total of 4,259 Stinson Voyager airplanes; and approved an extension of the period for the expenditure of \$341,493 apportioned to advertising in the Stinson Sales Department Budget for the fiscal year 1947, approved at meetings of the Board of Directors held February 1, 1947, and April 24, 1947, to cover the 14 month period ending January 31, 1948.

2. It was then suggested that an additional expenditure of \$128,000, over and above the \$60,000 approved by the Board of Directors at the meeting held on March 26, 1947, to cover the cost of designing the 1948 Model Stinson Voyager airplane, be now approved for the engineering, tooling, development, and flight tests of the 1948 Model Stinson Voyager airplane. It was stated that the first 1948 Model Stinson Voyager airplane was scheduled for delivery to the Sales Department on September 19, 1947.

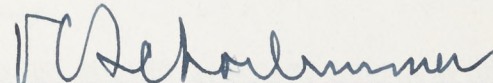






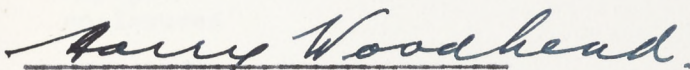
After discussion and full consideration, a motion unanimously carried, approved the additional expenditure of \$128,000, over and above the \$60,000 approved by the Board of Directors at the meeting held on March 26, 1947, to cover the cost of designing the 1948 Model Stinson Voyager airplane, for the engineering, tooling, development, and flight tests of the 1948 Model Stinson Voyager airplane.

3. There being no further business to come before the meeting, it was thereupon adjourned.



V. C. Schorlemmer, Acting Secretary

Approved:

  
Harry Woodhead, Chairman







July 17, 1947

Mr. Irving B. Babcock  
The Aviation Corporation  
1500 Fisher Building  
Detroit 2, Michigan

Dear Mr. Babcock:

We enclose a copy of the notice sent to the directors regarding the meeting to be held in the Waldorf Astoria Hotel, New York City, on Monday, July 28, 1947. In addition, all out of town directors were either notified by telegrams sent by us or by telephone message from the New York Office on Friday, July 18, 1947.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms:pw  
enclosures

July 17, 1947

To:	George E. Allen	Victor Emanuel
	Neal Dow Becker	John Hertz
	Francis A. Callery	Louis A. Johnson
	C. Coburn Darling	Donald N. McDonnell
	Rudolph H. Deetjen	R. S. Pruitt

Mr. Babcock has instructed me to notify you that a regular meeting of the Board of Directors of this company will be held at 9:30 a.m. Eastern Daylight Savings Time, on Monday, July 28, 1947, in the Waldorf Astoria Hotel, New York City.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms:pw







July 17, 1947

To: William A. Blees  
J. Mason Houghland  
I. M. Laddon

Joseph H. Rosenberg  
V. C. Schorlemmer  
Harry Woodhead

Mr. Babcock has instructed me to notify you that a regular meeting of the Board of Directors of this company will be held at 9:30 a.m. Eastern Daylight Savings Time, on Monday, July 28, 1947, in the Waldorf Astoria Hotel, New York City.

Please use the accompanying copy of this letter to inform us whether you will attend the meeting.

The company airplane will leave San Diego Saturday morning, July 26, 1947, stopping overnight at Fort Worth and proceeding to New York via Nashville on Sunday, July 27, 1947. The return airplane will leave New York on the afternoon of July 28, 1947, stopping at Nashville overnight and returning to San Diego on Tuesday, July 29, 1947.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms:pw







MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD MONDAY, JULY 28, 1947

A regular meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation was held in the Waldorf Astoria Hotel, New York, New York, on Monday, July 28, 1947, at 9:30 a.m. Eastern Daylight Saving Time, pursuant to notices duly given to all of the directors in accordance with the requirements of the By-laws.

The following directors were present at the meeting and constituted a quorum for the transaction of business:

George E. Allen	Victor Emanuel
Irving B. Babcock	J. Mason Houghland
Neal Dow Becker	I. M. Laddon
William A. Blees	Donald N. McDonnell
Francis A. Callery	R. S. Pruitt
C. Coburn Darling	V. C. Schorlemmer
Rudolph H. Deetjen	Harry Woodhead

Mr. Irving B. Babcock, Chairman, presided at the meeting and Mr. W. M. Shanahan, Secretary, recorded the minutes.

1. The Secretary presented the minutes of the meeting of the Board of Directors held on April 24, 1947, and the minutes of the meeting of the Executive Committee of the Board of Directors held on May 27, 1947.

After due consideration, the minutes of these meetings were approved as recorded.

2. Mr. R. S. Pruitt then stated that Mr. W. C. Cherry was no longer acting in the capacity of legal counsel for the company at Nashville, Tennessee, and it, therefore, would be proper to terminate the appointment of Mr. Cherry as statutory agent for the company in the State of Tennessee and appoint someone in his place.



REPORT OF THE  
COMMISSIONER OF THE  
BUREAU OF LANDS  
FOR THE YEAR 1900

The following is a summary of the work of the Bureau of Lands during the year 1900. The Bureau has been very busy in the past year, and has accomplished much work. It has been in the habit of making reports to the Department of the Interior, and these reports are now being made to the Department of the Interior. The Bureau has been very busy in the past year, and has accomplished much work. It has been in the habit of making reports to the Department of the Interior, and these reports are now being made to the Department of the Interior.

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After discussion, the following resolutions were offered and unanimously adopted:

RESOLVED that the designation and appointment by officers of this corporation of Mr. W. C. Cherry of Nashville, Tennessee, as agent of this corporation for service of process in the State of Tennessee, pursuant to authority of resolutions adopted by the Board of Directors on October 19, 1943, be hereby terminated; and be it further

RESOLVED that Mr. W. R. Lawrence, Jr., a resident of the State of Tennessee with an office or place of business located at Berry Field, Municipal Airport, Nashville 1, Tennessee, be and he hereby is duly appointed the agent of this corporation upon whom all processes in any action or proceeding against this corporation in the State of Tennessee may be served.

3. The Chairman next presented a report, prepared by Mr. V. C. Schorlemmer covering the probable loss that will be sustained in performing existing contracts for Model 240 airliners. This report, which covered the first 162 Model 240 airliners, indicated a loss of \$23,128,000 at May 31, 1947, with a probable increase in this amount to \$24,420,000 at June 30, 1947. Mr. Schorlemmer's report also indicated that the company will be required to increase substantially its bank borrowings during the next several months, unless sizable deliveries of Model 240 airliners are made during the remainder of the current year. There followed an extended discussion of the situation with reference to Model 240 airliners, and also with reference to the production situation at the various divisions, the estimated loss for the year, and the probable borrowings for the next several months.



After discussion, the following resolution was adopted and  
unanimously adopted.  
Resolved, That the Committee on Finance and Administration be authorized  
to make a study of the financial condition of the Society, and to report  
thereon at the next annual meeting, and to make such recommendations  
as may be deemed advisable.  
The Committee on Finance and Administration, consisting of Messrs.  
J. B. Smith, J. C. Jones, and J. D. Doe, have the honor to report  
that they have conducted a thorough investigation of the financial  
condition of the Society, and find that the same is in a sound  
and satisfactory condition, and that the same is well managed  
and conducted.  
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that they have conducted a thorough investigation of the financial  
condition of the Society, and find that the same is in a sound  
and satisfactory condition, and that the same is well managed  
and conducted.



4. Mr. McDonnell then suggested that consideration should be given to the sale of the Nashville Division and other non-aircraft assets even though such a sale may have to be made at a sacrifice, because the company is faced with the necessity of borrowing substantial sums from banks and will need all its working capital for the aircraft business. No action was taken on the suggestion but after discussion, it was referred to the officers of the company with instructions to give it consideration.

5. The financial statements prepared by the Controller, including the Consolidated Balance Sheet as at April 30, 1947, and Statements of Consolidated Income and Surplus for the 5 months ended April 30, 1947; the Consolidated Balance Sheet as at May 31, 1947, and Statements of Consolidated Income and Surplus for the 6 months ended May 31, 1947; and the Consolidated Balance Sheet as at June 30, 1947, and Statements of Consolidated Income and Surplus for the 7 months ended June 30, 1947, were then received, discussed, and filed.

6. It was next suggested that consideration be given to the advisability of declaring a dividend on the common stock of the company for the quarterly period ended May 31, 1947.

After thorough discussion, it was the unanimous decision that no action be taken with reference to the payment of a dividend for the quarterly period ended May 31, 1947, due to the uncertainties in the industry.

7. There was then presented a summary of quotations that had been received for products liability insurance on Model 240 airplanes.



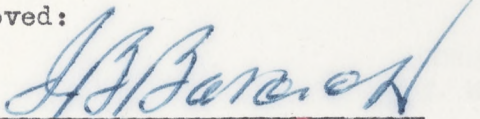




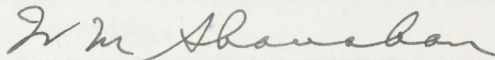
Upon a motion made and unanimously carried, the officers of the company were authorized and directed to purchase \$2,000,000 of products liability insurance on Model 240 airplanes.

8. There being no further business to come before the meeting, it was thereupon adjourned.

Approved:



Irving B. Babcock, Chairman



W. M. Shanahan, Secretary



For a further and more complete account of the history of

the country, the reader is referred to the history of the state of

Alabama, published by the State of Alabama, 1845.

It is also to be noted that the history of the state of

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For a further and more complete account of the history of

Alabama, published by the State of Alabama, 1845.



August 27, 1947

Telegram to:	George E. Allen	John Hertz
	Neal Dow Becker	J. Mason Houghland
	Francis A. Callery	Louis A. Johnson
	C. Coburn Darling	Donald N. McDonnell
	Rudolph H. Deetjen	R. S. Pruitt
	Victor Emanuel	Joseph H. Rosenberg

Meeting of Board of Directors will be held at 10:00 a.m. E.D.S.T. on Friday, September 5, 1947, at Waldorf Hotel, New York City. Airmail letter giving purpose of meeting follows. Please telegraph whether you will attend meeting.

CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
W. M. Shanahan, Secretary

August 27, 1947

Letter to:	George E. Allen	Victor Emanuel
	Neal Dow Becker	John Hertz
	Francis A. Callery	Louis A. Johnson
	C. Coburn Darling	Donald N. McDonnell
	Rudolph H. Deetjen	R. S. Pruitt

This confirms our telegram notifying you that a meeting of the Board of Directors of this company will be held at 10:00 a.m. Eastern Daylight Saving Time on Friday, September 5, 1947, in the Waldorf Astoria Hotel, New York City.

The purpose of this meeting is to consider the sale of the non-aircraft assets of the corporation and such other business as may properly come before the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary







August 27, 1947

To: J. Mason Houghland  
Joseph H. Rosenberg

This confirms our telegram notifying you that a meeting of the Board of Directors of this company will be held at 10:00 a.m. Eastern Daylight Saving Time on Friday, September 5, 1947, at the Waldorf Astoria Hotel, New York City.

The purpose of this meeting is to consider the sale of the non-aircraft assets of the corporation and such other business as may properly come before the meeting.

The company airplane will leave San Diego at 8:00 a.m., Tuesday morning, September 2, 1947, stopping overnight at Nashville and leaving Nashville Wednesday morning, September 3, 1947, for New York City. The date on which the airplane returns to San Diego will be decided in New York.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary







August 28, 1947

To: William A. Blees                      Harry Woodhead  
I. M. Laddon                              R. B. Watts  
V. C. Schorlemmer

Mr. Babcock has instructed me to notify you that a meeting of the Board of Directors of this company will be held at 10:00 a.m., Eastern Daylight Saving Time on Friday, September 5, 1947, at the Waldorf Astoria Hotel, New York City.

The purpose of this meeting is to consider the sale of the non-aircraft assets of the corporation and such other business as may properly come before the meeting.

The company airplane will leave San Diego at 8:00 a.m., Tuesday morning, September 2, 1947, stopping overnight at Nashville, and leaving Nashville Wednesday morning, September 3, 1947, for New York City. The date on which the airplane returns to San Diego will be decided in New York.

Please use the accompanying copy of this letter to inform us whether you will attend the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary



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MINUTES OF THE SPECIAL MEETING  
OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD FRIDAY, SEPTEMBER 5, 1947

A special meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation was held in the Waldorf Astoria Hotel, New York, New York, on Friday, September 5, 1947, at 10:00 a.m., Eastern Daylight Saving Time, pursuant to notices duly given to all of the directors in accordance with the requirements of the By-laws. The following directors were present at the meeting and constituted a quorum for the transaction of business:

George E. Allen	John Hertz
Irving B. Babcock	Louis A. Johnson
Neal Dow Becker	I. M. Laddon
William A. Blees	Donald N. McDonnell
Francis A. Callery	R. S. Pruitt
C. Coburn Darling	Joseph H. Rosenberg
Rudolph H. Deetjen	V. C. Schorlemmer
Victor Emanuel	

Mr. Irving B. Babcock, Chairman, presided at the meeting and Mr. W. M. Shanahan, Secretary, recorded the minutes.

1. The Secretary presented the minutes of the meeting of the Board of Directors held on July 28, 1947. After due consideration, the minutes of this meeting were approved as recorded.

2. Mr. Laddon then reported on the progress being made on new projects. He stated that the B-36 program is moving along satisfactorily and that the first Model B-36 airplane has been delivered to the Army for static tests at Dayton. He also stated that favorable progress is being made in the Civil Aeronautics Administration tests of the Model 240 airliner. Mr. Laddon also reported on the XC-99 and B-46 experimental airplanes.

3. It was next stated that the General Sales Manager and the







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Contracts Manager had the occasional need of affixing the corporate seal to sales contracts executed by them and that it would be proper to grant to these employees of the company the authority to affix the corporate seal to such contracts as are signed by them and are within the limitations of their contract signing authority and that it also would be proper to ratify the actions of these employees in affixing the corporate seal to any such contracts as were executed by either of them subsequent to March 1, 1947.

After full discussion, the following resolutions were unanimously adopted:

RESOLVED that pursuant to authority contained in the Certificate of Incorporation and By-laws of this corporation, the General Sales Manager and the Contracts Manager of the corporation, respectively, be, and each of them hereby is, authorized to affix the corporate seal to contracts, agreements, and other documents subject to the same limitations placed upon the authority of said managers to sign contracts, agreements, and other documents for and in the name of the corporation, pursuant to authority contained in resolutions of this Board of Directors adopted on October 19, 1943, as amended; it being hereby understood that such authority to affix the corporate seal to contracts, agreements, and other documents is limited to those contracts, agreements, and other documents which the General Sales Manager and the Contracts Manager, respectively, are authorized to execute under the authority granted to them in the resolutions of this Board of Directors adopted on October 19, 1943, as amended; and be it further

RESOLVED that the actions of the General Sales Manager and the Contracts Manager, respectively, since March 1, 1947, in affixing the corporate seal to such contracts, agreements, and other documents as are within the scope of the delegation of authority contained in the above RESOLVED clause are hereby ratified, approved, and confirmed as and for the acts and deeds of this corporation.

4. The Chairman then presented the memoranda prepared by the committee appointed to work on the proposed plan for financing the installment sale of Model 240 airplanes.

After discussion and full consideration, upon a motion made and unanimously carried, the proposal to set up a subsidiary corporation for financing the installment sale of Model 240 airplanes was tabled, but the Chairman indicated that in special cases when substantial down payments are made, this corporation might make installment sales of its products.



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5. Attention was next called to an option agreement dated July 31, 1947, giving Central Air Transport Corporation of Shanghai, China, a 60-day option to purchase 6 Model 240 airplanes. The terms of this option agreement were approved by Mr. W. A. Blee, Vice President, and Mr. F. A. Learman, General Sales Manager. The agreement was executed for the company in Shanghai, China, by Mr. Frank B. Sinclair and it was suggested that the Board of Directors ratify the action of Mr. Sinclair in executing this agreement.

After discussion and full consideration, a motion made and unanimously carried, ratified and approved the action of Mr. Frank B. Sinclair in executing for and in behalf of the company an option agreement dated July 31, 1947, giving Central Air Transport Corporation of Shanghai, China, a 60-day option to purchase 6 Model 240 airplanes.

6. Mr. Schorlemmer then reported that the Los Angeles Renegotiation Office which closed on June 30, 1947, did not complete the renegotiation settlements with the company for the year 1945. The Army has since requested an extension of time to June 30, 1948, in which to consider our proposed renegotiation settlements for the year 1945.

After discussion, the following resolution was unanimously adopted:

RESOLVED that the proposed agreement between the Corporation and the United States of America entered into pursuant to the Renegotiation Act extending to and including 30 June 1948 the time within which a determination may be made, by agreement or order, of the amount of excessive profits, if any, derived by the Corporation from contracts and subcontracts which are subject to renegotiation under the Renegotiation Act for the Corporation's fiscal year ended 30 November 1945 be and hereby is approved; and that V. C. Schorlemmer, the Vice President of the Corporation, be and hereby is authorized and directed to execute and deliver such agreement, on behalf of the Corporation, in the form presented to this meeting or with such changes as he, in his absolute discretion, may approve, his approval being conclusively evidenced by his execution thereof; and that W. M. Shanahan, the Secretary of the Corporation, be and hereby is authorized to affix the seal of the Corporation to said agreement when so executed, and to attest the same.







9/5/47

7. The financial statements prepared by the Controller, including the Consolidated Balance Sheet at July 31, 1947, and Statements of Consolidated Income and Surplus for the 8 months ended July 31, 1947, were next received, discussed, and filed.

8. The Chairman then reported that, subsequent to the last meeting of the Board of Directors, the officers of the company found it necessary to purchase material for 500 additional Stinson Voyager airplanes.

9. Mr. Babcock next took up for consideration the most important business for which this special meeting of the Board of Directors had been called which involved a proposal to segregate from this corporation its assets which are not related to the aircraft business, including the Nashville Plant, the stock and stock purchase warrants of ACF-Brill Motors Company and the Eastern Massachusetts Street Railway Company securities and to vest title to the same in a new corporation, the securities of which will be offered for sale to the stockholders of this corporation. Mr. Babcock stated that ever since the termination of the negotiations for the merger with Lockheed Aircraft Corporation, the management had retained under consideration the desirability of working out some plan for the segregation of the non-aircraft assets of the corporation. The subject has been more actively pursued since Mr. McDonnell again brought up this proposal at the last directors' meeting and pointed out that the corporation now was borrowing from the banks and needed all of its working capital for its own business and, therefore, should get out of the other enterprises not related to the manufacture of aircraft.

In the meantime, it was ascertained that Atlas Corporation had



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acquired an investment in the stock of this corporation in excess of 100,000 shares and is now the largest stockholder of the corporation other than Avco Manufacturing Corporation. Discussions were accordingly had with Mr. Floyd B. Odum, President of Atlas Corporation, as a result of which the management was informed that Atlas Corporation favored the segregation and disposal of the assets of this corporation not related to aircraft manufacturing, provided such segregation could be effected in the relatively near future on a basis which would result in the delivery to the treasury of Consolidated Vultee Aircraft Corporation of 410,417 shares of its presently outstanding stock and the payment of the same cash consideration which would have been payable for the non-aircraft assets if the original Lockheed deal were to be consummated at the date of closing.

Mr. Babcock further stated that following these discussions with Mr. Odum and an agreement in principle as to the objectives to be accomplished, a plan had been prepared for the segregation of the non-aircraft assets of this corporation and the vesting of title thereto in a new corporation to be known as The Nashville Corporation. This plan has been approved by Mr. Victor Emanuel as Chairman of the Board of Avco Manufacturing Corporation, and Mr. Odum as President of Atlas Corporation, and, at a special meeting of the Board of Directors of Avco held yesterday, was unanimously approved by all the directors of the corporation in attendance at the meeting. To make the same effective, the plan must likewise be approved by the directors of this corporation and by its stockholders at a special meeting which it is proposed to hold on November 3, 1947.

Mr. Babcock further explained that the plan provided that at the closing there would be tendered the resignations of nine of the present







9/5/47

seventeen directors of Consolidated Vultee Aircraft Corporation so that the stockholders at the meeting of November 3, or an adjourned meeting, may elect new directors to take the place of those who have resigned. It is contemplated that Mr. Odum will be one of the new directors and will become Chairman of the Board but no decision has yet been reached regarding which of the present directors are to resign or who are to fill their places. Mr. Babcock stated, however, that it was the intention of the Avco management to offer to place on the Board of The Nashville Corporation the directors who resign from Consolidated Vultee Aircraft Corporation.

Copies of the plan were then distributed to the members of the Board in attendance at the meeting and after the reading of the same, further explanations were made by the Chairman, by Mr. Pruitt, General Counsel of the corporation, and by Messrs. Burton and Grumpelt of Arthur Young & Company, the corporation's independent auditors, who were invited into the meeting to explain the formula used for determining the cash consideration. Mr. Pruitt pointed out that under the original plan for the merger of this corporation into Lockheed Aircraft Corporation, it had been proposed to segregate the non-aircraft assets of this corporation by transferring the same to Avco Manufacturing Corporation in exchange for the surrender of its 410,417 shares of Convair stock and a cash consideration to be determined by an agreed formula, that Counsel for the corporation had at various times pointed out to the management the possibility that some stockholders of this corporation might reasonably object to the transaction because the majority and controlling stockholder, Avco, was purchasing these assets and surrendering its stock in payment therefor, without offering other stockholders an opportunity to dispose of their







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Convair stock on similar terms and conditions with accompanying rights to acquire their proportionate interest in the assets to be segregated. The plan now under consideration has accordingly been devised to obviate and does avoid both of these objections because it offers every Convair stockholder a ratable right to surrender  $1/4$  of his holdings of Convair stock and subscribe for his pro rata portion of the stock of The Nashville Corporation which is to be sold. The plan even goes further than that and offers Convair stockholders the right to make contingent subscriptions to additional stock of The Nashville Corporation so that if all rights are not exercised, Convair stockholders desiring so to do, may take up the balance of the unsubscribed stock which will be pro-rated among the contingent subscribers. Avco will in any event exercise its rights and acquire the same proportionate interest in The Nashville Corporation which it now has in this corporation, or approximately 26%, and as Avco will agree to take all of the offered stock of The Nashville Corporation not subscribed for by other Convair stockholders, its interest may be increased above 26% to the extent basic and contingent subscription rights are not exercised by other Convair stockholders.

Mr. Pruitt next explained that all of the tax angles of the plan had not as yet been fully considered by the tax attorneys and tax consultants of the corporation, that Mr. Hughes was in conference this morning with representatives of Arthur Young & Company and the Atlas Corporation, endeavoring to work out the best plan for accomplishing the desired objectives from the standpoint of the Federal tax problems involved; and that it might be decided, instead of having The Nashville Corporation organized by Avco for the purpose of offering its stock for subscription to Convair stockholders, to have The Nashville Corporation



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organized by this corporation. In the event this alternative plan is adopted, Consolidated Vultee Aircraft Corporation would then transfer its non-aircraft assets to The Nashville Corporation, acquiring all of its outstanding capital stock in payment therefor with an appropriate cash adjustment, and would then offer the stock of The Nashville Corporation for subscription to its own stockholders. If such plan is followed, it would not be necessary for The Nashville Corporation to purchase any Convair stock from Avco or in the open market as Convair would acquire and offer for subscription sufficient shares of The Nashville Corporation stock to enable it to obtain through the sale of the same the desired 410,417 shares of Convair stock and the agreed cash consideration for the transfer. To the extent such Convair stock and cash is not obtained through the exercise of the basic and contingent subscription rights, Avco would take up the balance of the unsubscribed for stock of The Nashville Corporation at the time of the closing, and the cash to be received by Convair from subscription rights and retained or the amount of cash to be turned over to The Nashville Corporation in addition to the cash and other assets of Nashville Division would be adjusted so that exactly the same situation would exist at the closing as if the plan outlined in the memorandum submitted to this meeting is followed. It may be necessary or desirable to make other variations in the plan and Mr. Pruitt accordingly explained that it was desired at this time to have the directors approve the plan and objectives in principle with full authority to the management and Counsel to make minor changes as long as the ultimate objective is obtained of segregating the non-aircraft assets of this corporation and obtaining for this corporation in consideration therefor 410,417 shares of Convair stock and the same amount of cash which would







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have been paid if the original Lockheed deal had been closed on the closing date of this transaction.

Mr. Grumpelt and Mr. Burton then explained the financial aspects of the proposals and the formula which will be used under the plan to determine the cash consideration to be received or retained by Convair at the closing. They also pointed out that they were already engaged in the preparation of the necessary financial exhibits for the registration statement, inasmuch as the stock of The Nashville Corporation would be registered under the Securities Act of 1933 prior to the sale thereof and that the registration statement will contain full and complete disclosure of all pertinent information so that all stockholders may decide according to their own best judgment whether to exercise their rights and obtain an interest in The Nashville Corporation or to retain their present investment in Convair.

Mr. Babcock next called attention to the fact that Sanderson and Porter will also be employed to make an engineering and economic report on the proposed segregation and that the transaction will not be consummated unless Sanderson and Porter recommend it as in the best interests of Convair. It is anticipated that the Sanderson and Porter report will be included in the Proxy Statement for the November 3 meeting of the stockholders of this corporation.

There followed a general discussion as a result of which it was the unanimous opinion of the directors present that the proposed segregation of the non-aircraft assets of the corporation is advantageous to this corporation and that the management should be instructed to do all things necessary to carry such segregation into effect.

Mr. Pruitt then stated that he desired to have the directors







of the corporation at this time take the following actions:

1. Approve the proposed segregation of assets in principle, leaving latitude to the management and attorneys to work out the details.
2. Authorize organization of The Nashville Corporation.
3. Call a special meeting of the stockholders of the corporation to be held November 3, 1947, or such later date as the Executive Committee may fix, for the purpose of approving the sale of the assets of the corporation not related to aircraft manufacturing, or, as an alternative, the sale of all of the stock of The Nashville Corporation acquired by this corporation in consideration of the transfer of its non-aircraft assets to The Nashville Corporation, the election of new directors to take the place of directors who have resigned, and the transaction of any other business brought before the meeting.
4. Fix October 14 as the record date for determining the stockholders entitled to receive notice of and to vote at the special stockholders' meeting to be held November 3, 1947, or such later date as the Executive Committee may fix for the holding of such special meeting of this corporation's stockholders.
5. Authorize the preparation of proxy statements, notices and proxies for the stockholders' meeting which will be subject to final approval by the Board at the next directors' meeting to be held October 3, 1947, and will be mailed after approval by the Securities and Exchange Commission and as soon after October 14 as possible.
6. Designate Irving B. Babcock, Harry Woodhead, I. M. Laddon, C. Coburn Darling and Rudolph H. Deetjen as the proxies to be named in the proxy statement and to solicit proxies pursuant to the authorization of the directors of this corporation. All proxies obtained by this







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committee unless limited to the contrary will be voted in favor of the sale of the assets of this corporation not related to aviation, or, as an alternative, in favor of the sale of The Nashville Corporation stock acquired by this corporation, and said proxies will also unless limited to the contrary be voted in favor of the election of new nominees for directors to take the place of those who have resigned. The names of these new directors will be suggested by Atlas Corporation but will be subject to nomination by the directors of this corporation at the meeting of October 3, 1947.

7. Authorize the preparation and filing of registration statement for The Nashville Corporation. If The Nashville Corporation is organized by this corporation and its stock offered for sale by this corporation to its own stockholders, the registration statement will likewise be subject to the approval of the Board of Directors of this corporation at the October 3 meeting.

8. Authorize the employment of Arthur Young & Company to make the special audits required for the registration statement and proxy statement and Sanderson and Porter to make the economic and engineering report and of Georgeson & Co. to solicit proxies.

9. This corporation should agree, at Avco's request and expense, to register under the Securities Act of 1933 any remaining stock of this corporation owned by Avco after the consummation of the Nashville transaction, in the event it should become necessary or advisable in Avco's opinion to register such shares prior to the sale thereof.

Mr. Johnson then stated that the actions which Mr. Pruitt had recommended the Board take at this time met with his approval and were







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in order and he accordingly offered the following resolutions which were seconded and, after full discussion, unanimously carried:

RESOLVED that in the opinion of the Board of Directors of this corporation it is desirable in the best interests of the corporation to segregate the assets of the corporation not presently related to aircraft manufacturing, that is to say:

- a. 458,849 shares of the Common Stock of ACF-Brill Motors Company; 160,464 $\frac{1}{2}$  warrants to subscribe to Common Stock of ACF-Brill Motors Company and 15,500 shares of Common Stock and 1,650 shares of Adjustment Stock of Eastern Massachusetts Street Railway Company;
- b. The leasehold interest in the property adjacent to the Nashville Municipal Airport, including the Guest House at Convair and all other rights under existing agreements between Convair and the City of Nashville, Tennessee, or railroad companies serving said plant and all of the buildings and plants now owned by Convair in the vicinity of the Nashville Municipal Airport, Nashville, Tennessee; together with all machinery, leasehold equipment and other property, real, personal and mixed situated in or about said plant of the Nashville Division of Convair or used in connection therewith and owned by Convair as of April 30, 1946, or subsequently acquired between said date and the date of the consummation of this Plan;
- c. All raw materials, work in process, tools, dies, jigs, fixtures, finished inventory and operating supplies, accounts and bills receivable, cash on hand and in banks owned by Nashville Division as of the date of the consummation of this Plan, irrespective of where such items are located and whether in transit or otherwise;

such segregation to be effected by the transfer of said assets to a new corporation to be known as The Nashville Corporation, which is to be organized under the laws of Delaware with authorized capital consisting of 1,500,000 shares of Common Stock of the par value of \$1 per share; and be it further

RESOLVED that the general plan for the segregation of said assets of this corporation not related to aircraft manufacturing as set forth in the memorandum approved by Victor Emanuel, Chairman of the Board of Avco Manufacturing Corporation, and Floyd B. Odum, President of Atlas Corporation, and distributed to the directors of the corporation at this meeting, is hereby approved in principle, with the understanding that the officers and Counsel







of the corporation are authorized in their judgement and discretion to modify said Plan as long as the same general objectives are accomplished, and without limitation of the foregoing right are fully authorized in the event such change seems desirable to have The Nashville Corporation organized as a subsidiary of this corporation instead of as a subsidiary of Avco Manufacturing Corporation, to provide for the transfer of the non-aircraft assets of this corporation to The Nashville Corporation in exchange for its stock, with an appropriate cash adjustment, and the offering for sale by this corporation to its own stockholders of the stock of The Nashville Corporation so acquired in consideration of the delivery to this corporation of 410,417 shares of its authorized and now outstanding stock and a cash consideration which after appropriate adjustments will permit this corporation to retain the same amount of cash as it would have received under the Plan submitted to the directors in detail and approved by Mr. Emanuel and Mr. Odium, a copy of which Plan is ordered filed with the records of this meeting; and be it further

RESOLVED that the officers and Counsel of this corporation are authorized to proceed with the organization under the laws of Delaware and under the name of The Nashville Corporation of a new corporation with authorized capital stock consisting of 1,500,000 shares of \$1 par value, which corporation is initially to be a subsidiary of Avco Manufacturing Corporation or of this corporation, and is to acquire from this corporation its assets not related to aircraft manufacturing hereinbefore in this resolution in detail described; and be it further

RESOLVED that a special meeting of the stockholders of this corporation is called to be held at its General Offices in San Diego, California, November 3, 1947, at nine o'clock a.m., Pacific Standard Time, or such later date as the Executive Committee may fix, for the purpose of approving the sale of the assets of this corporation not related to aircraft manufacturing, or as an alternative the sale of all of the stock of The Nashville Corporation acquired by this corporation in consideration of the transfer of its non-aircraft assets to The Nashville Corporation and the election of new directors to take the place of directors who may have resigned, and for the transaction of any other business brought before the meeting; and be it further

RESOLVED that the close of business October 14, 1947, shall be and is hereby fixed as the record date for determining the stockholders of this corporation entitled to receive notice of and to vote at the special stockholders' meeting to be held November 3, 1947, or such later date as the Executive Committee may fix, or any adjournment or adjournments thereof; and be it further

RESOLVED that a special meeting of the Board of Directors of this corporation shall be held in New York City, October 3, 1947, commencing at the hour of ten o'clock a.m., Eastern Standard Time,







for the purpose of considering approval of the final details of the Plan for the segregation into The Nashville Corporation of the non-aircraft assets of this corporation, and that prior to said directors' meeting, the officers and Counsel for the corporation are authorized to proceed with the preparation of a Proxy Statement, Notices and Proxies for the stockholders' meeting of November 3, 1947, or any later date fixed by the Executive Committee, the same to be subject to final approval at the directors' meeting of October 3, 1947; and be it further

RESOLVED that Irving B. Babcock, Harry Woodhead, I. M. Laddon, C. Coburn Darling and Rudolph H. Deetjen shall be designated as the proxies to be named in the Proxy Statement and to solicit proxies for said stockholders' meeting of November 3, 1947, or such later date as the Executive Committee may fix, pursuant to authorization of the directors of this corporation with the understanding that all proxies received by this Committee and not limited to the contrary will be voted in favor of the sale of the assets of this corporation not related to aircraft manufacturing to The Nashville Corporation, and in favor of the offering for sale of the stock of The Nashville Corporation to the stockholders of this corporation in accordance with one of the plans outlined at this meeting, and that all of said proxies unless limited to the contrary will also be voted in favor of the election of new nominees for directors to take the place of those who have resigned; the names of these new directors to be suggested by Atlas Corporation, subject to nomination by the directors of this corporation at the directors' meeting of October 3, 1947; and be it further

RESOLVED that the officers and Counsel for this corporation are authorized to proceed with the preparation of a Registration Statement for The Nashville Corporation in order to register its stock for sale under the Securities Act of 1933, preliminary draft of said Registration Statement to be submitted to the directors of this corporation for their consideration and approval at the meeting of October 3, 1947; and be it further

RESOLVED that the action of the management in employing Arthur Young & Company to make the special audits of this corporation and ACF-Brill Motors Company required for the foregoing Registration Statement and Proxy Statement, and of Sanderson & Porter to make an economic and engineering report upon the proposed segregation of the non-aircraft assets of this corporation, shall be and the same is hereby ratified and approved, and that the management be further authorized to enter into an agreement with Georgeson & Co. to solicit proxies for the stockholders' meeting of November 3, 1947, or such later date as may be fixed for such meeting, or any adjournment or adjournments thereof. The foregoing authorization regarding the employment of Arthur Young & Company, Sanderson & Porter and Georgeson & Co. is with the understanding that the work of Arthur Young & Company in







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the preparation of financial statements required for the Registration Statement will be paid for by The Nashville Corporation, and the fees and charges for financial statements required in connection with the Proxy Statement, as well as the charges of Sanderson & Porter and Georgeson & Co. will be paid by this corporation; and be it further

RESOLVED that this corporation hereby agrees that if the foregoing transactions are consummated and the assets of this corporation not related to aircraft manufacturing segregated into The Nashville Corporation, as contemplated by these resolutions, this corporation will at any time thereafter, at Avco Manufacturing Corporation's request and expense prepare and execute an application for the registration under the Securities Act of 1933 of any remaining stock of this corporation owned by Avco Manufacturing Corporation in the event it becomes necessary or advisable in Avco Manufacturing Corporation's opinion to register such shares prior to the sale thereof. In the event such Registration Statement is filed at Avco Manufacturing Corporation's request, Avco Manufacturing Corporation shall prior to the execution and filing of the same indemnify the officers and directors of this corporation against any and all liability occasioned thereby due to the inclusion in said Registration Statement of any information or material supplied by Avco Manufacturing Corporation or inserted in said Registration Statement at Avco Manufacturing Corporation's special instance and request.

10. There was next presented a list of the appropriations which have been recommended by the Controller since the last meeting of the Board of Directors of the company.

After due consideration, the following items were approved unconditionally:

<u>Item</u>	<u>Estimated Cost</u>
<u>SAN DIEGO DIVISION</u>	
1. Over-expenditures incurred in the construction of the San Diego wind tunnel	\$ 58,098.37
2. Increase in the cost of machines and equipment purchased from Reconstruction Finance Corporation over the \$1,150,000 approved by the Board of Directors at the meeting held July 18, 1946:	
Increase in the price of office furniture purchased of \$21,600	



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and additional office equipment of \$37,000	\$58,600.00	
Additional machine tools	19,000.00	
Monorail hoists	<u>13,000.00</u>	\$ 90,600.00
3. Purchase of furniture and equipment from Reconstruction Finance Corporation		39,671.51
4. Purchase of Vultee Field equipment required at the San Diego Division consisting of certain emergency plant facilities equipment and a fire truck		14,371.31

STINSON DIVISION

5. Fire protective alterations to the plant to meet the requirements of the Factory Insurance Association		<u>36,825.25</u>
Total		<u><u>\$239,566.44</u></u>

11. The following request for a subscription was approved:

	<u>Amount</u>
Fort Worth Safety Council, Fort Worth, Texas	\$1,500

12. The Chairman then announced that the date and place for the next Directors meeting was tentatively set for 10:00 a.m., October 3, 1947, at the Waldorf Astoria Hotel, New York City.

13. There being no further business to come before the meeting, it was thereupon adjourned.

Wm Shanahan  
W. M. Shanahan, Secretary

Approved:

Irving B. Babcock  
Irving B. Babcock, Chairman







PLAN OF REORGANIZATION OF NASHVILLE DIVISION  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION

1. AVCO MANUFACTURING CORPORATION, hereinafter called "Avco," owns 410,417 shares of the Common Stock of CONSOLIDATED VULTEE AIRCRAFT CORPORATION, hereinafter called "Convair," out of a total of 1,570,266 shares presently issued and outstanding. Convair is primarily engaged in the manufacture and sale of aircraft, but is utilizing its surplus manufacturing plants at Nashville to manufacture stoves and deep freeze holding units for Crosley Division of Avco, and buses and parts therefor for ACF-Brill Motors Company, in which it owns a substantial stock interest.

Convair, pursuant to the recommendation of its Board of Directors, desires to dispose of these assets not directly related to its aircraft manufacturing business, and Avco desires to acquire control of the same upon the terms and conditions hereinafter set forth, and to withdraw from its investment in the aircraft manufacturing business. The assets which Convair desires to dispose of are described as follows:

a. 458,849 shares of the Common Stock of ACF-Brill Motors Company; 160,464 $\frac{1}{2}$  warrants to subscribe to Common Stock of ACF-Brill Motors Company and 15,500 shares of Common Stock and 1,650 shares of Adjustment Stock of Eastern Massachusetts Street Railway Company.

b. The leasehold interest in the property adjacent to the Nashville Municipal Airport, including the Guest House at Convair and all other rights under existing agreements between Convair and the City of Nashville, Tennessee, or railroad companies serving said plant and all of the buildings and plants now owned by Convair in the vicinity of the Nashville Municipal Airport, Nashville, Tennessee; together with all machinery, leasehold equipment and other property, real, personal and mixed situated in or about said plant of the Nashville Division of Convair or used in connection therewith and owned by Convair as of April 30, 1946, or subsequently acquired between said date and the date of the consummation of this Plan.

c. All raw materials, work in process, tools, dies, jigs, fixtures, finished inventory and operating supplies, accounts and bills receivable, cash on hand and in banks owned by Nashville Division as of the date of the consummation of this Plan, irrespective of where such items are located, and whether in transit or otherwise.

2. To accomplish the foregoing objectives in a manner which will afford every Convair stockholder the equitable right to retain his interest in the assets which are to be sold and segregated, or to retain his present interest in Convair, according to his own choice, Avco proposes to organize under the laws of Delaware and under the name of NASHVILLE CORPORATION, or some other suitable name, a new corporation, which will hereinafter be referred to as "Nashville Corporation."



THE FIRST PART OF THE HISTORY OF THE  
REPUBLIC OF THE UNITED STATES OF AMERICA  
FROM 1776 TO 1789  
BY JAMES M. SMITH  
PUBLISHED BY THE AUTHOR  
NEW YORK: 1850

THE SECOND PART OF THE HISTORY OF THE  
REPUBLIC OF THE UNITED STATES OF AMERICA  
FROM 1789 TO 1800  
BY JAMES M. SMITH  
PUBLISHED BY THE AUTHOR  
NEW YORK: 1850

THE THIRD PART OF THE HISTORY OF THE  
REPUBLIC OF THE UNITED STATES OF AMERICA  
FROM 1800 TO 1812  
BY JAMES M. SMITH  
PUBLISHED BY THE AUTHOR  
NEW YORK: 1850

THE FOURTH PART OF THE HISTORY OF THE  
REPUBLIC OF THE UNITED STATES OF AMERICA  
FROM 1812 TO 1820  
BY JAMES M. SMITH  
PUBLISHED BY THE AUTHOR  
NEW YORK: 1850

THE FIFTH PART OF THE HISTORY OF THE  
REPUBLIC OF THE UNITED STATES OF AMERICA  
FROM 1820 TO 1830  
BY JAMES M. SMITH  
PUBLISHED BY THE AUTHOR  
NEW YORK: 1850

THE SIXTH PART OF THE HISTORY OF THE  
REPUBLIC OF THE UNITED STATES OF AMERICA  
FROM 1830 TO 1840  
BY JAMES M. SMITH  
PUBLISHED BY THE AUTHOR  
NEW YORK: 1850

THE SEVENTH PART OF THE HISTORY OF THE  
REPUBLIC OF THE UNITED STATES OF AMERICA  
FROM 1840 TO 1850  
BY JAMES M. SMITH  
PUBLISHED BY THE AUTHOR  
NEW YORK: 1850

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Nashville Corporation will have an initial capitalization of 1,500,000 shares of Common Stock of the par value of Ten Dollars per share, and will have such corporate powers as Avco may determine. Its initial Board of Directors shall consist of eleven members who shall be named by Avco, but shall include three directors who are not presently directors either of Convair or Avco. Upon the formation of Nashville Corporation, Avco agrees to advance to Nashville Corporation such funds as may be required to pay the organization expenses of Nashville, attorneys' fees, printing bills and other expenses incurred in registering Nashville Corporation stock for sale under the Securities Act of 1933, all of which advances are to be repaid if and when the financing of Nashville Corporation has been completed.

3. In order to provide Nashville Corporation with the capital required to carry out the terms of this Plan and finance its operations, it is proposed to have Nashville Corporation sell 785,132 shares of authorized and unissued stock, accepting in payment therefor 392,566 shares of Convair stock and \$7,262,471 in cash for the Nashville Corporation stock so to be issued and sold and to make this offer to all of the Convair stockholders ratably, so each Convair stockholder may acquire two shares of Nashville stock for every four shares of Convair stock owned, such purchase to be made by surrendering one out of each four shares of Convair stock, plus \$18.50 in cash for each two shares of Nashville Corporation stock subscribed for, and to assure the successful financing of Nashville Corporation and the sale of all of its offered stock, Avco will agree not only to take its pro-rata share of the Nashville Corporation stock offered, but also to purchase at the same price all of said Nashville Corporation stock which is not subscribed for and purchased by other stockholders of Convair.

In addition to each Convair stockholder's right to subscribe for his pro-rata proportion of the stock of Nashville Corporation offered for subscription on the basis of two shares of Nashville Corporation stock for every four shares of Convair stock held, every Convair stockholder shall have the right to make a contingent subscription for additional stock of Nashville Corporation at the same price, and if the offered issue of 785,132 shares is oversubscribed, each subscriber shall first receive the number of shares of Nashville stock he is entitled to purchase through the exercise of rights, and the balance of the 785,132 shares with respect to which the purchase rights have not been exercised, shall be pro-rated among the contingent subscribers in proportion to their respective contingent subscriptions.

4. The directors of Nashville Corporation will accordingly enter into agreements with Avco and Convair, pursuant to the approval of their respective Boards of Directors. The agreement with Convair will provide that Nashville Corporation subject to the approval of the holders of the majority of the outstanding shares of Convair stock, and subject to a Registration Statement become effective under the Securities Act of 1933, which will permit Nashville Corporation to sell 785,132 shares of authorized and unissued Common Stock upon the terms and conditions hereinbefore







mentioned, will issue such 785,132 shares of its authorized and unissued Common Stock acquiring in payment therefor from Convair stockholders 392,566 shares of Convair stock and \$7,262,471 in cash. Nashville Corporation will thereupon purchase an additional 17,851 shares of the outstanding Convair stock, increasing its holdings to 410,417 shares, and following such acquisition will purchase from Convair all of its assets not related to the aircraft manufacturing business hereinbefore described in paragraph 1 hereof, and in payment therefor deliver to Convair 410,417 shares of its now outstanding Common Stock and a cash consideration to be computed in accordance with the following formula:

\$5,800,000 plus the excess, if any, of the net book value, as of the date of closing, of the Nashville Division over \$10,000,000, or minus the excess, if any, of \$10,000,000 over such net book value as of the date of closing. For the purpose of this formula, net book value shall mean the book value of the assets, less applicable reserves, of the Nashville Division of Convair to be transferred to Nashville Corporation, less all liabilities of the Nashville Division to be assumed by Nashville Corporation, all as determined by Arthur Young & Company from the books of the Nashville Division of Convair in accordance with generally accepted principles of accounting. Such determination by Arthur Young & Company will be final and binding upon Avco, Nashville Corporation, and Convair. In the determination of such net book value, no value shall be placed upon Emergency Plant Facilities owned by Nashville Division and fully reserved on its books, but said Emergency Plant Facilities are to be included in the assets to be transferred to Nashville Corporation.

The Registration Statement with respect to the 785,132 shares of stock of the Nashville Corporation which are to be offered for subscription shall contain all information required by law and the regulations of the Securities and Exchange Commission with respect to such offering and such other information and exhibits as in the opinion of counsel for Nashville Corporation shall be necessary to present a full and fair disclosure to Convair stockholders, with the objective of permitting them to decide after such disclosure whether to exercise their subscription rights and acquire an interest in the Nashville Corporation or to retain their present ownership of Convair stock.

5. The agreement between Nashville Corporation and Convair shall further provide that Convair upon its acquisition of 410,417 shares of Convair stock will retire the same and reduce its capital accordingly; also, that the transfer to Nashville Corporation of 19,500 shares of the Common Stock of ACF-Brill Motors Company shall be subject to outstanding purchase options previously granted by Convair to officers and supervisory executives of ACF-Brill Motors Company, and that upon the consummation of the transaction, the stock certificates of ACF-Brill Motors Company and Eastern Massachusetts Street Railway Company shall be delivered duly endorsed, stamped and in transferable form and accompanied by the resignations of such of the officers and directors of ACF-Brill Motors Company as Nashville Corporation may request, and that Nashville Corporation shall assume all of Convair's Nashville Division's liabilities, commitments and







contracts as of the date of closing, including its contracts with Crosley Division of Avco pertaining to the manufacture of frozen food cabinets and ranges, and its contracts with ACF-Brill Motors Company pertaining to the manufacture of certain models of Brill buses and parts therefor.

6. The agreement simultaneously made between Nashville Corporation and Avco shall provide that if the holders of the majority of the Common Stock of Convair approve of the sale of the assets described in paragraph 1, upon the terms and conditions hereinbefore set forth, Avco, following the obtaining of such approval by Convair stockholders and the effective date of the Registration Statement authorizing the offering of the Nashville Corporation Common Stock to Convair stockholders, will exercise its rights and purchase two shares of Nashville Corporation Common Stock for each four shares of Convair stock which it then owns, and make payment therefor by delivering one share of Convair stock and \$18.50 in cash for each two shares of Nashville Corporation Common Stock so acquired, and that provided the same offer is made to all Convair stockholders it also will purchase at the same price and upon the same terms and conditions all or any part of the balance of the 785,132 shares of Nashville Corporation stock so offered for subscription and not subscribed for and purchased by stockholders of Convair other than Avco, either pursuant to rights or contingent subscriptions as hereinbefore provided. Nashville Corporation will thereby be assured of the sale of the entire offering of 785,132 shares of its Common Stock and of the acquisition of paid-in capital, consisting of 392,566 shares of Convair stock and \$7,262,471 cash, which will enable it upon the purchase of an additional 17,851 shares of Convair stock to carry out its commitments with respect to the purchase of the Convair assets not related to aircraft manufacturing, more particularly described in paragraph 1.

7. The submission of the foregoing Plan of Reorganization to the stockholders of Convair for approval shall be accompanied by a Proxy Statement disclosing all information required by law and the regulations of the Securities and Exchange Commission and such other information and exhibits as in the opinion of counsel for the corporation shall be necessary to present a full and fair disclosure to Convair stockholders, with the objective of permitting them to decide after such disclosure and upon the basis of all available pertinent information whether to vote their stock of Convair in favor of or against this Plan of Reorganization. Said Proxy Statement shall disclose that Avco has elected to dispose of its Convair stock and to retire for the present time at least from the manufacture of aircraft through subsidiary or affiliated companies in order to concentrate its manufacturing operations in the field of production of radios, refrigerators, home appliances, farm implements and buses, but that Atlas Corporation has recently purchased a substantial interest which Avco is informed amounts to over 100,000 shares in Convair and is the largest known stockholder of Convair with the exception of Avco, and following Avco's disposal of its Convair stock will probably be the largest stockholder of Convair. Avco will agree that any shares of Convair stock then owned by it and not transferred to Nashville Corporation, will be thereafter disposed of either by selling same to Atlas



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Corporation or other purchasers when favorable market conditions permit such sale at prices satisfactory to Avco. In view of the reduction in its ownership of Convair stock immediately contemplated and the ultimate liquidation of its entire investment in such stock, Avco has agreed that following the consummation of this transaction the management of Convair shall be turned over to the stockholders of the corporation who have not accepted the Nashville Corporation's offer and have evidenced their decision to retain their ownership in Convair stock. To accomplish this objective, Avco has agreed that at the stockholders' meeting of Convair at which the sale of the assets listed in paragraph 1 is approved, there will be tendered the resignations of at least nine of the seventeen present directors of Convair and of the Chairman of its Board of Directors, and that the Proxy Statement distributed to stockholders in connection with said meeting will provide that all proxies given to the Management Proxy Committee and not limited to the contrary, will be voted in favor of the election of a Board of Directors, the majority of whom shall be nominees of Atlas, but satisfactory to and approved by Avco. The Board of Directors constituted following said stockholders' meeting will thereupon accept the resignation of Irving B. Babcock, now Chairman of the Board of Directors of the corporation, which resignation Avco agrees to secure, and may thereupon select a new Chairman of the Board of Directors.

8. Avco notwithstanding anything hereinbefore contained, reserves the right to withdraw from all commitments herein made in the event the sale of its Convair stock to Nashville Corporation upon the terms and conditions hereinbefore provided, or the sale to Nashville Corporation of the Convair assets described in paragraph 1 is not approved by the directors of Avco and the directors and stockholders of Convair after consideration of all factors including the report of Sanderson and Porter, who will be specially employed to pass upon the economic and industrial aspects of the contemplated transaction, or in the event substantial opposition to the Plan of Reorganization develops on the part of minority stockholders of Convair or Avco or other developments not now anticipated occur between the date hereof and the closing date, making the consummation of such reorganization hazardous or inadvisable in the opinion of the directors, either of Convair or Avco.

9. In order to expedite the closing, Avco will agree following the approval by the Convair stockholders of the sale of the assets not related to aircraft manufacturing described in paragraph 1, and immediately after the effective date of the Nashville Corporation Registration Statement that Avco will loan it the cash and Convair stock necessary to make payment for the Convair assets.

10. Application will be made to list the stock of Nashville Corporation on the New York Stock Exchange or the New York Curb Exchange in the event substantial distribution of said stock is effected through the sale of same to Convair stockholders other than Avco.

11. The following time schedule is contemplated:







- a. Employment of Arthur Young & Company to prepare financial statements and Sanderson and Porter to make economic and industrial report is to commence today.
- b. Avco directors' meeting - September 4, 1947.
- c. Convair directors' meeting - September 5, 1947.
- d. Arthur Young & Company and Sanderson and Porter have promised their reports not later than October 2, and if this schedule is met the preliminary filing of the Nashville Corporation Registration Statement and the Convair Proxy Statement with the Securities and Exchange Commission will take place on October 6.
- e. Mailing date for notices of Convair stockholders' meeting, Proxy Statement and Proxies October 18.
- f. Convair stockholders' meeting November 3.
- g. Effective date of Registration Statement November 3 or 4, following filing of Amendment showing approval of Convair stockholders. At November 3 Convair stockholders' meeting, if the sale of assets is approved, nine of Convair directors will resign and their places will be filled by nominees of Atlas elected by the stockholders.
- h. If the closing of the transaction should be expedited, Avco immediately after November 3 can loan Nashville Corporation the necessary cash and Convair stock to purchase the Convair assets, but the offering of Nashville Stock to Convair stockholders will be made on November 4, or as soon as the rights and Prospectuses can be mailed, and will expire on November 28. In the event contingent subscriptions are made, any portion of the 785,132 shares not purchased pursuant to the exercise of subscription rights will be pro-rated among the contingent subscribers who when requested send in their Convair stock and the cash consideration for the shares contingently subscribed for.

APPROVED:

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Victor Emanuel  
Chairman of the Board of Directors  
Avco Manufacturing Corporation

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Floyd B. Odium  
Chairman of the Board of Directors  
Atlas Corporation



THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF THE HISTORY OF ARTS  
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E-MAIL: dean@history.uchicago.edu  
WWW: www.history.uchicago.edu



September 19, 1947

To:	George E. Allen	Victor Emanuel
	Neal Dow Becker	John Hertz
	Francis A. Callery	Louis A. Johnson
	C. Coburn Darling	Donald N. McDonnell
	Rudolph H. Deetjen	R. S. Pruitt

Mr. Babcock has instructed me to notify you that a special meeting of the Board of Directors of this company will be held at 10:00 a.m., Eastern Standard Time on Friday, October 3, 1947, at the Waldorf Astoria Hotel, New York City, for approval of the proxy statement and the transaction of such other business as may properly come before the meeting.

Please use the accompanying copy of this letter to tell us whether you will attend the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms:ws  
enclosure







September 19, 1947

To:	William A. Blees	Joseph H. Rosenberg
	J. Mason Houghland	V. C. Schorlemmer
	I. M. Laddon	Harry Woodhead

Mr. Babcock has instructed me to notify you that a special meeting of the Board of Directors of this company will be held at 10:00 a.m., Eastern Standard Time on Friday, October 3, 1947, at the Waldorf Astoria Hotel, New York City, for the approval of the proxy statement and the transaction of such other business as may properly come before the meeting.

Inasmuch as no company airplane will be sent on this trip, you should arrange your own transportation if you plan to attend the meeting.

Please use the accompanying copy of this letter to tell us whether you will attend the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms:ws  
enclosure







MINUTES OF THE SPECIAL MEETING  
OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD FRIDAY, OCTOBER 3, 1947

A special meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation was held in the Waldorf Astoria Hotel, New York, New York, on Friday, October 3, 1947, at 10:00 a.m., Eastern Standard Time, pursuant to notices duly given to all of the directors in accordance with the requirements of the By-laws. The following directors were present at the meeting and constituted a quorum for the transaction of business:

George E. Allen	Victor Emanuel
Irving B. Babcock	John Hertz
Neal Dow Becker	Louis A. Johnson
William A. Blees	I. M. Laddon
Francis A. Callery	Donald N. McDonnell
C. Coburn Darling	R. S. Pruitt
Rudolph H. Deetjen	V. C. Schorlemmer

Mr. Irving B. Babcock, Chairman of the Board, was unavoidably delayed in coming to the meeting and Mr. I. M. Laddon, Executive Vice President, presided until Mr. Babcock arrived. Mr. W. M. Shanahan, Secretary, recorded the minutes.

1. The Secretary presented the minutes of the meeting of the Board of Directors held on September 5, 1947. After due consideration, the minutes of this meeting were approved as recorded.

2. Mr. Laddon then reported upon the progress being made on the tests of the Model 240 airliner. Various unanticipated problems have arisen in connection with the Civil Aeronautics Administration tests which have necessitated changes in the airplane and have delayed the issuance of a Certificate of Airworthiness. The airplane has also failed in some respects to meet the specifications contained in the contract with American Airlines, Inc., and other purchasers of the airplanes, and at the







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present time a technical default in the American Airlines contract and some of the other contracts exists. It is hoped that these defaults may be corrected when the Certificate of Airworthiness is issued, which is now expected about November 16, 1947.

3. The proposed amendments to a certain contract dated December 13, 1946, made with The Aviation Corporation (now Avco Manufacturing Corporation) for the manufacture and sale of Frostmasters were next presented for consideration. In the discussion that followed, it developed that certain proposed changes should be given further consideration. A committee composed of Messrs. Laddon, Blees, and Schorlemmer was appointed to confer with the authorized representatives of Avco and to make such changes in the amendments as are necessary. Upon a motion unanimously carried, the officers of the company were authorized and instructed, provided all differences of opinion are satisfactorily cleared and the members of the committee so advise, to execute the amending agreement giving effect to these changes. If such differences of opinion cannot be satisfactorily settled by negotiation it was also agreed that same should be submitted to arbitration in accordance with the provisions of the original contract.

4. It was then reported that during the months of July and August, 1947, the company sold an additional 28,000 shares of stock in Fleet Manufacturing and Aircraft, Limited, at a price net to the company of \$1.34 a share in Canadian money and that these sales disposed of all of the shares of stock of Fleet Manufacturing and Aircraft, Limited, owned by the company.

5. The Chairman next called attention to the special meeting of the stockholders of the company which, by action of the Board of







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Directors taken at the meeting held on September 5, 1947, was called to be held in San Diego, California, on November 3, 1947, and stated that in connection with that meeting the directors should take the following actions at this time:

- a. Receive and approve the report of Sanderson & Porter.
- b. Receive the report of Arthur Young & Company.
- c. Approve the proposed agreement between Avco Manufacturing Corporation, The Nashville Corporation, and Consolidated Vultee Aircraft Corporation.
- d. Fix October 14, 1947, as the record date for determining stockholders entitled to receive notice of and to vote at the stockholders' meeting.
- e. Appoint judges of election.
- f. Approve the Proxy Statement, notice of meeting, and proxy as prepared, subject to such changes as may be required by either General Counsel or the Securities and Exchange Commission, and authorize sending these documents, on or about October 14, 1947, to all stockholders of record as of that date.
- g. Nominate candidates for directors to take the places of the resigning directors.
- h. Approve and authorize the filing of the Registration Statement of The Nashville Corporation.
- i. Fix November 5, 1947, or the effective date of The Nashville Corporation Registration Statement as the record date for the stock subscription warrants.
- j. Approve the form of the stock subscription warrants.







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- k. Appoint warrant agents.
- l. Authorize the officers, subject to stockholders' approval, to execute and deliver such deeds, assignments, and other instruments as may be necessary to consummate the tripartite agreement.
- m. Approve the press release covering the action taken to approve the tripartite agreement.

The report of Sanderson & Porter dated October 3, 1947, on the proposed transfer of the non-aircraft assets of the company to The Nashville Corporation and the offering of the stock of The Nashville Corporation to the stockholders of this company for subscription was then presented and after full discussion and consideration, a motion, unanimously carried, approved the report, subject to the review and approval of counsel.

The report of Arthur Young & Company which included financial statements as of July 31, 1947, of Consolidated Vultee Aircraft Corporation, The Nashville Corporation, the Nashville Division of Consolidated Vultee Aircraft Corporation, and ACF-Brill Motors Company were next received.

The proposed agreement between Avco Manufacturing Corporation, The Nashville Corporation, and Consolidated Vultee Aircraft Corporation was then presented and after full discussion and consideration, a motion, unanimously carried, approved the agreement, subject to such changes as are necessary to give effect to the final terms of the agreement, and the officers of the company were authorized and instructed to execute this agreement in its final form.

After discussion, the following resolutions were next



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1. The first part of the report is devoted to a general survey of the situation in the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

2. The second part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

3. The third part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

4. The fourth part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

5. The fifth part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

6. The sixth part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

7. The seventh part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

8. The eighth part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

9. The ninth part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

10. The tenth part of the report is devoted to a description of the state of the country. It is found that the country is in a state of general depression, and that the people are suffering from want and distress. The cause of this is attributed to the war, and the consequent destruction of property and the loss of life.

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unanimously adopted:

RESOLVED that 3:00 p.m. Eastern Standard Time on October 14, 1947, shall be and hereby is fixed as the record hour and date for determining the holders of common stock of the company entitled to receive notice of and to vote at the special meeting of the stockholders of the company to be held at San Diego, California, at 9:00 a.m. Pacific Standard Time on November 3, 1947, or any adjournment or adjournments thereof, and that the Secretary or Assistant Secretary of the company be and he hereby is instructed to give notice to the New York Stock Exchange, the San Francisco Stock Exchange, and Schroder Trust Company, Transfer Agent of the company, of the fixing of said record hour and date; and be it further

RESOLVED that Edmund Burke and David S. Devlin shall be and hereby are appointed judges of election to serve at the special meeting of the stockholders of this company to be held on November 3, 1947, or at any adjournment or adjournments thereof, to open and close the polls, to take charge of and to receive the proxies and ballots, and to decide all questions regarding the qualifications of voters, the validity of proxies, and the acceptance or rejection of votes, in accordance with the provisions of the By-laws of this company and the laws of the State of Delaware.

The notice of stockholders' meeting, Proxy Statement, and proxy, as prepared for mailing to all stockholders of the company of record October 14, 1947, was then presented. After due consideration, the notice of stockholders' meeting, Proxy Statement, and proxy as prepared were approved as to substance and form with authorization to Counsel to make such changes therein as may be required by the Securities and Exchange Commission or as may be deemed necessary or advisable by the officers and General Counsel of the company, and said notice of stockholders' meeting, Proxy Statement, and proxy as so changed, were ordered printed and distributed to the stockholders of record October 14, 1947.

The nomination of candidates for directors of the company to take the places of the resigning directors was next taken up for consideration and Mr. Pruitt read the list of names of those whom Atlas Corporation desired to sponsor for election to the Board of Directors of this company







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in the event the sale of the non-aircraft assets of this company to The Nashville Corporation is consummated, the same being as follows:

Floyd B. Odlum	George H. Shaw
C. E. Groesbeck	Ben O. Howard
Oswald L. Johnston	Richard C. Patterson, Jr.
Sydney R. Inch	William C. Rockefeller
Emmett A. McCabe	

Mr. Pruitt also reported regarding the business affiliations of each of said candidates and then nominated them for election to the Board at the special stockholders' meeting to be held November 3, 1947, or any adjournment or adjournments thereof. No further nominations being made, the following resolution was offered and unanimously adopted:

RESOLVED that Messrs. Floyd B. Odlum, C. E. Groesbeck, Oswald L. Johnston, Sydney R. Inch, George H. Shaw, Ben O. Howard, Richard C. Patterson, Jr., William C. Rockefeller, and Emmett A. McCabe shall be and hereby are nominated as candidates for election as directors of the company to hold office until the next annual meeting of stockholders or until their successors are elected and qualify.

The Registration Statement and Prospectus prepared for The Nashville Corporation were then presented, and the plan for the offering of the stock of The Nashville Corporation to the stockholders of this company, and the issuance of subscription rights was fully explained. After discussion and consideration, upon motion offered and unanimously carried the Registration Statement and Prospectus were duly approved and the officers and General Counsel were authorized to make such changes therein as the Securities and Exchange Commission may require and as they may deem necessary and proper. The proper officers were further authorized following the effective date of the Registration Statement to cause it with accompanying subscription warrants to be mailed to all of the stockholders of this company and to be distributed to all subscribers to the stock of The Nashville Corporation.







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Consideration was next given to the fixing of a date of record for the issuance of the subscription warrants for stock in The Nashville Corporation which are to be issued to the stockholders of Consolidated Vultee Aircraft Corporation as provided for in the proxy statement.

After full discussion, a motion, unanimously carried, fixed November 6, 1947, or the effective date of the Registration Statement of The Nashville Corporation, whichever date last occurs, as the record date for the issuance of the stock subscription warrants for stock in The Nashville Corporation which are to be issued to the stockholders of Consolidated Vultee Aircraft Corporation as provided for in the proxy statement to be dated October 16, 1947.

The form of stock subscription warrant, as prepared for issuance to stockholders of Consolidated Vultee Aircraft Corporation, was then presented and after discussion and consideration, a motion, unanimously carried, approved this form of subscription warrant, ordered the warrants printed, and, subject to the approval of the agreement dated October 3, 1947, entered into between Avco Manufacturing Corporation, The Nashville Corporation, and Consolidated Vultee Aircraft Corporation by the stockholders of the company, authorized the issuance of the subscription warrants to the stockholders of Consolidated Vultee Aircraft Corporation as of the fixed date of record.

It was then suggested that The First National Bank of Jersey City, New Jersey, be appointed as Transfer Agent and Warrant Agent for the purpose of receiving and accepting subscriptions to the stock of The Nashville Corporation. After full discussion, the following resolutions were unanimously adopted:

RESOLVED, that The First National Bank of Jersey City







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(New Jersey) is hereby appointed Transfer Agent for 1,570,266 shares of Common Stock of the par value of \$1 per share of Consolidated Vultee Aircraft Corporation to act in accordance with its general practice and with the regulations set forth in the pamphlet submitted to and approved by this meeting entitled "Regulations of The First National Bank of Jersey City (New Jersey) for the transfer and registration of stock," and the Secretary is hereby directed to mark said pamphlet for identification and file the same with the records of the corporation; and be it further

RESOLVED that The First National Bank of Jersey City (New Jersey) be and it hereby is appointed Warrant Agent of the corporation for the purpose of issuing to stockholders of the corporation Warrants for Full and Fractional Units of Subscription to subscribe for not in excess of 820,834 shares of Common Stock of the par value of \$1 per share of The Nashville Corporation now owned by the corporation and accepting subscriptions pursuant to said Warrants, and for the further purpose of transferring, splitting up or exchanging said Warrants.

It was next suggested that the Schroder Trust Company of New York City be appointed as Warrant Agent for the purpose of transferring, splitting up, or exchanging warrants for full and fractional units of subscription to the stock of The Nashville Corporation. After full discussion the following resolution was unanimously adopted:

RESOLVED that Schroder Trust Company (New York) be and it hereby is appointed Agent of the corporation for the purpose of transferring, splitting up, or exchanging warrants for full and fractional units of subscription to subscribe for not in excess of 820,834 shares of common stock of the par value of \$1 per share of The Nashville Corporation now owned by this corporation.

It was then suggested that, subject to the stockholders' approval, the officers of the company should be authorized to execute and deliver such deeds, assignments, and other instruments as may be necessary to consummate the agreement between Avco Manufacturing Corporation, The Nashville Corporation, and Consolidated Vultee Aircraft Corporation.

After full discussion and consideration, a motion, unanimously carried, authorized and instructed the officers of the company to execute







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and deliver such deeds, assignments, and other instruments as may be necessary to consummate the agreement dated October 3, 1947, entered into between Avco Manufacturing Corporation, The Nashville Corporation, and Consolidated Vultee Aircraft Corporation, provided this agreement is approved by the stockholders at the special meeting of the stockholders of the company to be held November 3, 1947, or any adjournment or adjournments thereof, and upon the delivery and payment to this company of the consideration for the transfer of assets as therein provided.

The proposed press release covering the action taken to approve the agreement to be entered into between Avco Manufacturing Corporation, The Nashville Corporation, and Consolidated Vultee Aircraft Corporation was next presented and after full discussion, a motion, unanimously carried, approved this press release, subject to the review and approval of counsel.

6. The Chairman then announced that the Medal for Merit had recently been awarded to Mr. Louis Johnson for the splendid work he did in mobilizing the country's war production activities. The Citation, signed by the President of the United States, of which the following is a copy, was then exhibited to the Directors.

CITATION TO ACCOMPANY THE AWARD OF

THE MEDAL FOR MERIT

TO

LOUIS JOHNSON

Louis Johnson, for exceptionally meritorious conduct in the performance of outstanding services to the United States during the recent war period. Mr. Johnson, as Assistant Secretary of War from September, 1939 to July, 1940, reviewed and presented industrial mobilization plans and made recommendations for increasing their effectiveness; initiated a program to start



The following table shows the results of the experiments conducted on the effect of the various factors on the rate of the reaction. The results are given in the form of a table, the columns of which are headed by the names of the factors, and the rows by the names of the experiments. The numbers in the cells of the table represent the rate of the reaction, as determined by the method described in the text.

Experiment	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
1	0.1	0.2	0.3	0.4	0.5
2	0.2	0.3	0.4	0.5	0.6
3	0.3	0.4	0.5	0.6	0.7
4	0.4	0.5	0.6	0.7	0.8
5	0.5	0.6	0.7	0.8	0.9
6	0.6	0.7	0.8	0.9	1.0
7	0.7	0.8	0.9	1.0	1.1
8	0.8	0.9	1.0	1.1	1.2
9	0.9	1.0	1.1	1.2	1.3
10	1.0	1.1	1.2	1.3	1.4

The results of the experiments show that the rate of the reaction increases with the increase of the concentration of the reactants. The rate of the reaction is also affected by the temperature, the presence of a catalyst, and the surface area of the reactants. The rate of the reaction is highest when all the factors are at their maximum values, and lowest when all the factors are at their minimum values.



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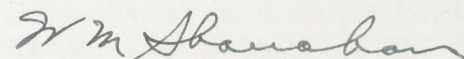
the placing of educational orders with industry in order to build up munitions production capacity; obtained appropriations for constructing munitions plants of various types; supported a policy of stockpiling critical materials for use in emergency; and was instrumental in the establishment of the basic munitions program on which America mobilized for war. His services in the assurance of adequate provision for the mobilization of materials and industrial organizations essential to war-time needs, which continued throughout the war, was a major factor in the success of the allied war effort.

Harry Truman

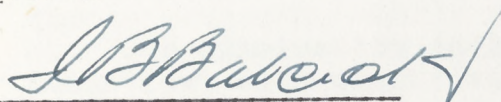
July 16, 1947.

7. Upon a motion unanimously carried, action on the requests for contributions was postponed until the next meeting of the Board of Directors.

8. There being no further business to come before the meeting, it was thereupon adjourned with the understanding that the next meeting will be held at a date to be fixed by the Chairman of the Board.

  
W. M. Shanahan, Secretary

Approved:

  
Irving B. Babcock, Chairman







SANDERSON & PORTER, October 3, 1947. to Board of Directors,

Consolidated Vultee

Aircraft Corporation.

## SANDERSON & PORTER

ENGINEERS AND CONSTRUCTORS

52 WILLIAM STREET, NEW YORK 5

LOS ANGELES 14

606-B VAN NUYS BUILDING

210 SEVENTH STREET

CABLE ADDRESS

SANDPORT

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capital structure and market values of its stock and warrants, the market value of Eastern Massachusetts Street Railway Company stocks, original book value of the Nashville plant, and the relationship between gross and net book values of the Nashville plant to the total gross and net values of the remaining plants of Consolidated.

October 3, 1947.

Board of Directors,

Consolidated Vultee Aircraft Corporation,  
obtained San Diego, California. of many years in examining and reporting upon industrial enterprises, including several of the more important aircraft manufacturing companies.

At your request we have made a study of the business and properties of Consolidated Vultee Aircraft Corporation for the purpose of advising you as to the desirability of the sale of the Common Stock of The Nashville Corporation, a wholly-owned subsidiary, which has been organized to purchase from Consolidated Vultee Aircraft Corporation its assets not related to aircraft manufacturing, the same being now classified as Nashville Division of Consolidated, stock and warrants of ACF-Brill Motors Company and securities of Eastern Massachusetts Street Railway Company now owned by Consolidated. It is our understanding that The Nashville Corporation will, subject to the cash adjustment provided for in the Agreement of Sale, assume all of the liabilities and commitments of Consolidated's Nashville Division and issue 820,834 shares of its Common Stock in payment for the assets so to be acquired, and that Consolidated will thereafter offer the Nashville stock for subscription to its own stockholders. its new manufacturing program. While some improvement is expected in steel. Our examination included inspection of the plants and interviews with executive and operating personnel of Consolidated Vultee Aircraft Corporation and study of financial, operating, and other data furnished to us by the Corporation, including data concerning Nashville plant operations. development and production of its Model 240 Convair Airliner. and We also examined the plants and organization of ACF-Brill Motors Company, its earnings as reported, its earning power, its investment in owned plants, its total assets and liabilities, its business in hand, type and range of its products, its sales possibilities, nature of its



# SANDERSON & PORTER

ENGINEERS AND CONSTRUCTORS

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808 VAN NUY BUILDING  
210 SEVENTH STREET  
CABLE ADDRESS  
SANDPORT

CHICAGO 3  
SOUTH LA SALLE STREET  
SAN FRANCISCO 4  
MONTGOMERY STREET

October 3, 1947.

Board of Directors,  
Consolidated Vultee Aircraft Corporation,  
San Diego, California.

Gentlemen:

At your request we have made a study of the business and properties of Consolidated Vultee Aircraft Corporation for the purpose of advising you as to the desirability of the sale of the Common Stock of The Nashville Corporation, a wholly-owned subsidiary, which has been organized to purchase from Consolidated Vultee Aircraft Corporation its assets not related to aircraft manufacturing, the same being now classified as Nashville Division of Consolidated, stock and warrants of ACP-Brill Motors Company and securities of Eastern Massachusetts Street Railway Company now owned by Consolidated. It is our understanding that The Nashville Corporation will, subject to the cash adjustment provided for in the Agreement of Sale, assume all of the liabilities and commitments of Consolidated's Nashville Division and issue 820,834 shares of its Common Stock in payment for the assets so to be acquired, and that Consolidated will thereafter offer the Nashville stock for subscription to its own stockholders.

Our examination included inspection of the plants and interviews with executive and operating personnel of Consolidated Vultee Aircraft Corporation and study of financial, operating, and other data furnished to us by the Corporation, including data concerning Nashville plant operations.

We also examined the plants and organization of ACP-Brill Motors Company, its earnings as reported, its earning power, its investment in owned plants, its total assets and liabilities, its business in hand, type and range of its products, its sales possibilities, nature of its



capital structure and market values of its stock and warrants, the market value of Eastern Massachusetts Street Railway Company stocks, original cost and present book value of the Nashville plant, and the relationships between gross and net book values of the Nashville plant to the total gross and net values of the remaining plants of Consolidated.

The management of Consolidated has concluded that it is wise. Our conclusions are based upon the information thus obtained and upon our experience of many years in examining and reporting upon industrial enterprises, including several of the more important aircraft manufacturing companies.

In this way, substantial additional working capital will be needed. At the end of the war, Consolidated had accumulated more working capital than its directors believed would be needed in the aircraft business and had excess aircraft manufacturing facilities. Decision was made to diversify its business by the purchase of a substantial interest in ACF-Brill Motors Company and by converting the Nashville plant to the manufacture of ranges and deep freeze units for Crosley Division of Avco Manufacturing Corporation and of buses for ACF-Brill Motors Company.

We have also examined the Proxy Statement which you have prepared. As of July 31, 1947, conversion of the Nashville plant has cost the Corporation about \$2,500,000. As of the same date, inventories at Nashville, carried at the lower of cost or market, aggregated \$6,737,734. Shortage of raw material, particularly steel, has seriously handicapped the Nashville operation and has been a large factor in causing the losses which this plant has suffered since starting operation on its new manufacturing program. While some improvement is expected in steel supplies in 1948, the management has been unable to get any assurance of deliveries which would make it possible to operate the plant at its full capacity. In its commercial airplane program, the Corporation has met unanticipated difficulties and delays in the development and production of its Model 240 Convair Airliner, and has already suffered large losses. The offering and sale of the Nashville stock upon these terms and conditions is fair to the stockholders of your Corporation.

Yours very truly,

*Sanderson & Porter*

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SAN FRANCISCO 4  
MONTGOMERY STREET  
ENGINEERING AND CONSTRUCTION  
22 WILLIAM STREET, NEW YORK 2

capital structure and market values of its stock and warrants, the market value of Eastern Massachusetts Street Railway Company stock, original cost and present book value of the Nashville plant, and the relationships between gross and net book values of the Nashville plant to the total gross and net values of the remaining plants of Consolidated.

Our conclusions are based upon the information thus obtained and upon our experience of many years in examining and reporting upon industrial enterprises, including several of the more important aircraft manufacturing companies.

At the end of the year, Consolidated had accumulated more working capital than its directors believed would be needed in the aircraft business and had excess aircraft manufacturing facilities. Decision was made to diversify its business by the purchase of a substantial interest in AGE-Brill Motors Company and by converting the Nashville plant to the manufacture of Avco Manufacturing Corporation units for Chrysler Division of Avco Manufacturing Corporation and of buses for AGE-Brill Motors Company. The conversion of Eastern Massachusetts Street Railway Company into a plant has cost the Corporation about \$2,500,000. As of the same date, inventories at Nashville, carried at the lower of cost or market, aggregated \$6,737,734. Shortage of raw material, particularly steel, has seriously hampered the Nashville operation and has been a large factor in causing the losses which this plant has suffered since starting operation on its new manufacturing program. While some improvement is expected in steel supplies in 1948, the management has been unable to get any assurance of deliveries which would make it possible to operate the plant at its full capacity. In its commercial airplane program, the Corporation has encountered difficulties and delays in the development and production of its Model 240 Convair Airliner, and has already suffered large losses. Operation of AGE-Brill Motors Company, its earnings as reported, its power, its investment in owned plants, its total assets and liabilities, its business in hand, type and range of its products, its sales possibilities, nature of its



Since the end of the war, the entire aviation industry has suffered severely through cancellation of military contracts and difficulties in converting to normal peacetime manufacture with radically reduced production. Other aircraft corporations have encountered problems similar to those of Consolidated and need for additional working capital has become in some cases acute. The management of Consolidated has concluded that it is wise to devote the Corporation's entire resources to the aircraft business, and has accordingly recommended to stockholders the sale of The Nashville Corporation, which will own substantially all of the Corporation's assets which are not necessary or useful in the aircraft business. In this way, substantial additional working capital will become available for the aircraft program, and managerial effort can be concentrated.

3185 Pacific Highway  
In our opinion the segregation of Consolidated's assets not related to its primary business of aircraft manufacturing, the transfer of the same to The Nashville Corporation, and the proposed sale of The Nashville Corporation stock is desirable for Consolidated and in furtherance of the best interests of the Corporation. We have also examined the Proxy Statement which you have prepared for use in connection with your Special Stockholders' Meeting to be held November 6, 1947, at which this proposed transaction will be submitted to your stockholders for approval, and the Agreement of October 3, 1947 between Consolidated Vultee Aircraft Corporation, Avco Manufacturing Corporation, and The Nashville Corporation. We have noted particularly the terms and conditions under which the stock of The Nashville Corporation is to be offered for sale to your stockholders, as set forth in said Agreement and the Proxy Statement. The Plan of Sale affords each stockholder the opportunity to purchase upon the same terms and conditions his pro rata share of the Nashville stock, thereby maintaining his relative interest in the assets which are to be segregated, or to increase his interest by purchasing additional stock if he desires to do so. In our opinion, the offering and sale of the Nashville stock upon these terms and conditions is fair to the stockholders of your Corporation.

Yours very truly,

*Sanderson & Porter*

RECEIVED  
OCT 27 1947

CORP. REC.



Since the end of the war, the entire aviation industry has suffered severely through cancellation of military contracts and difficulties in converting to normal peacetime manufacture with radically reduced production. Other aircraft corporations have encountered problems similar to those of Consolidated and need for additional working capital has become in some cases acute. The management of Consolidated has concluded that it is wise to devote the Corporation's entire resources to the aircraft business, and has accordingly recommended to stockholders the sale of The Nashville Corporation, which will own substantially all of the Corporation's assets which are not necessary or useful in the aircraft business. In this way, substantial additional working capital will become available for the aircraft program, and managerial effort can be concentrated.

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Yours very truly,

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OCT 27 1947


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WAIVER OF NOTICE

The undersigned, Victor Emanuel, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Tuesday, October 14, 1947, at 4 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at New York, New York, October 13, 1947.

  
\_\_\_\_\_  
Victor Emanuel



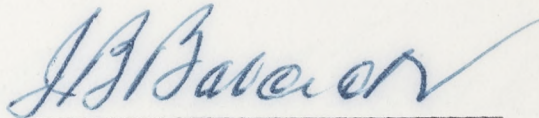




WAIVER OF NOTICE

The undersigned, I. B. Babcock, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Tuesday, October 14, 1947, at 4 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at Detroit, Michigan, October 13, 1947.

A handwritten signature in blue ink, appearing to read 'I. B. Babcock', written over a horizontal line.

I. B. Babcock



THE UNIVERSITY OF CHICAGO

The University of Chicago, under the leadership of the President, has the honor to acknowledge the receipt of the donation of the book of the University of Chicago Press, and to express its appreciation for the gift. The book is a valuable addition to the library of the University of Chicago, and it is hoped that it will be of great service to the students and faculty of the University.

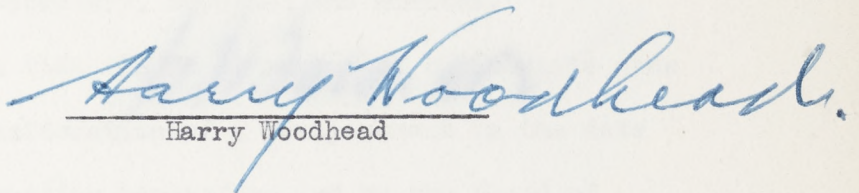
*W. B. Ewald*



WAIVER OF NOTICE

The undersigned, Harry Woodhead, one of the members of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation, hereby waives all notice of the time and place of the holding of an Executive Committee meeting, and consents and agrees that such meeting may be held at the office of the company, 3165 Pacific Highway, San Diego, California, on Tuesday, October 14, 1947, at 4 p.m. Pacific Standard Time, for the transaction of any business which may come before the meeting.

Dated at San Diego, California, October 13, 1947.

  
Harry Woodhead



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MINUTES OF A SPECIAL MEETING OF THE  
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD TUESDAY, OCTOBER 14, 1947

A special meeting of the Executive Committee of the Board of Directors of Consolidated Vultee Aircraft Corporation was held at the offices of the company at 3165 Pacific Highway, San Diego, California, on Tuesday, October 14, 1947, at 4 p.m. Pacific Standard Time, pursuant to a written waiver of notice fixing the time and the place and stating the purposes of the meeting and consent to the meeting signed by all of the absent members of the Executive Committee.

The following members of the Executive Committee were present in person and constituted a quorum:

I. M. Laddon  
V. C. Schorlemmer  
W. A. Blees  
R. S. Pruitt

Mr. I. M. Laddon, Executive Vice President, presided at the meeting and Mr. R. S. Pruitt, Secretary, recorded the minutes.

1. Mr. Laddon stated that the first matter of business to come before this meeting was the consideration of a postponement in the date for the special stockholders' meeting heretofore set by the Board of Directors for November 3, 1947 to November 6, 1947, with the record date for stockholders to remain unchanged. After discussion and full consideration, a motion unanimously carried approving the proposed change in the meeting date of the special stockholders' meeting from November 3, 1947 to November 6, 1947.

2. Mr. Laddon next stated that a further matter for consideration at this meeting was a proposed agreement between Consolidated Vultee

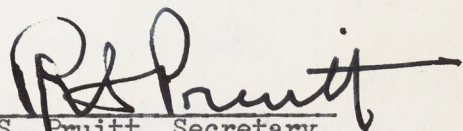




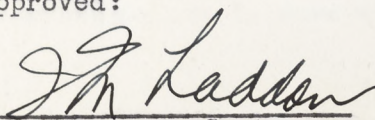


Aircraft Corporation and the Crosley Division of the AVCO Manufacturing Corporation, concerning the disposition of surplus and obsolete material which had developed under the Range program at Consolidated's Nashville Division. Mr. Laddon explained that as a result of arms-length negotiations between representatives of the two companies, held at Cincinnati, Ohio, on September 18, 1947, a proposed agreement had been reached under which Consolidated agreed to segregate the inventory in question; store it for a year at the Nashville Division with out-of-pocket costs of said storage to be paid by AVCO, with title and risk on said inventory to pass to AVCO upon such segregation; and deliver a list of said inventory, with statement of Consolidated's book value thereon, to AVCO; and AVCO agreed that immediately upon receipt of the inventory list and statement of Consolidated's book value thereof, to pay to Consolidated for said surplus and obsolete inventory the sum of \$95,084, plus 5% of the amount by which Consolidated's book value of the purchased inventory exceeds \$95,084. The proposed agreement further provided that upon receipt of the foregoing payments, Consolidated would release AVCO from all liability accruing prior to the date of the agreement in connection with surplus and obsolete material under the Range contract. After extended discussion and consideration of each of its terms, the proposed agreement was, upon motion, unanimously approved and the officers of the corporation authorized to execute it.

3. There being no further business to come before the meeting, it was thereupon adjourned.

  
R. S. Pruitt, Secretary

Approved:

  
I. M. Laddon, Chairman







MINUTES OF THE SPECIAL MEETING OF STOCKHOLDERS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD THURSDAY, NOVEMBER 6, 1947

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The Special Meeting of the stockholders of Consolidated Vultee Aircraft Corporation, a Delaware Corporation, was held at the general offices of the corporation, San Diego, California, on Thursday, November 6, 1947, at 9:00 a.m., Pacific Standard Time, pursuant to the By-laws and notice duly given to all of the stockholders of the corporation.

Mr. Irving B. Babcock, Chairman of the Board, presided as Chairman of the meeting. Mr. W. M. Shanahan, Secretary of the corporation, recorded the minutes.

1. The Chairman requested the stockholders present to give their names to the Secretary if they had not already done so, and also stated that if any stockholder present had submitted a proxy and desired to withdraw it and vote in person he should notify the Secretary immediately.

2. The Chairman then presented the notice of the meeting, which was ordered filed with the minutes of this meeting.

3. The Chairman next presented and read the affidavit of Kenneth W. Kehr of Schroder Trust Company, Transfer Agent of the common stock of the corporation, showing that on October 17, 1947, the Transfer Agent mailed to all registered holders of the common stock of the corporation of record at the close of business October 14, 1947, Notice of the Special Meeting of Stockholders to be held on November 6, 1947, together with a Proxy Statement, a Proxy, and a return envelope, copies of which documents were attached to the affidavit of Kenneth W. Kehr as



THE BOARD OF DIRECTORS OF THE COMPANY  
DO HEREBY CERTIFY THAT THE  
FINANCIAL STATEMENTS OF THE COMPANY  
FOR THE YEAR ENDING 1967  
WERE PREPARED IN ACCORDANCE WITH  
THE REQUIREMENTS OF THE  
SECURITIES ACT OF 1933 AND  
THE SECURITIES ACT OF 1934  
AND THE RULES AND REGULATIONS  
HEREUNDER.

IN WITNESS WHEREOF, I have hereunto  
set my hand and the seal of the  
Company at New York, New York,  
this 15th day of December, 1967.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Controller

\_\_\_\_\_  
General Counsel



11/6/47

exhibits thereto, and that the mailing was done by depositing the material, postage prepaid, in the United States Post Office, New York, New York. The affidavit of Mr. Kehr was thereupon approved and ordered filed with the records of the meeting.

4. The Secretary then presented to the meeting an alphabetical list of stockholders of the corporation of record at the close of business October 14, 1947, certified to by the Transfer Agent, showing that on the record date 1,570,180 shares of the common stock of the corporation were issued and outstanding and entitled to vote at this meeting, and that a majority or quorum amounted to 785,090 shares. The list remained open for inspection and examination of the stockholders present at the meeting.

5. The Chairman next announced that the Board of Directors of the corporation had appointed Messrs. Edmund Burke and David S. Devlin as judges of election for the purposes of the meeting. Messrs. Edmund Burke and David S. Devlin being present at the meeting, thereupon at the request of the Chairman, verified and subscribed to the oath required by statute, the original of which accompanies these minutes.

6. The Secretary of the meeting and the Judges then presented a report covering the number of shares represented by the stockholders in person, the number of shares represented by proxy, and the total number of shares represented and entitled to vote, which report stated that there were present, in person or by proxy:

STOCKHOLDERS PRESENT IN PERSON

<u>Name of Stockholder</u>	<u>Number of Shares</u>
Mary Eleanor Meredith	10







11/6/47

STOCKHOLDERS REPRESENTED BY  
 IRVING B. BABCOCK, HARRY WOODHEAD, AND I. M. LADDON, PROXIES  
 AND R. S. PRUITT AND R. B. WATTS, SUBSTITUTE PROXIES  
 FOR R. H. DEETJEN AND C. COBURN DARLING

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<u>Name of Stockholder</u>	<u>Number of Shares</u>
Various Stockholders	<u>1,036,109</u>
Total Stockholders present in person or by proxy	<u>1,036,119</u>

The Chairman accordingly reported that a quorum of the stockholders was present or represented at the meeting and that the same was legally convened for the transaction of business.

7. The Chairman next stated briefly the purposes of this Special Meeting and announced that he would be glad to answer any questions asked by stockholders present or make any further explanation desired.

8. No questions having been asked, the Chairman then announced that the meeting would proceed with the consideration of and the voting for the adoption or rejection of an Agreement of Sale dated October 3, 1947, between Consolidated Vultee Aircraft Corporation, The Nashville Corporation, and Avco Manufacturing Corporation, a copy of which Agreement of Sale was included in the Proxy Statement distributed to the stockholders of the company and bearing date of October 16, 1947. After discussion and on a motion duly made and seconded, the following resolution was submitted to the meeting:

RESOLVED that the Agreement of Sale dated October 3, 1947, by and between The Nashville Corporation, Consolidated Vultee Aircraft Corporation, and Avco Manufacturing Corporation in the form set forth in the Proxy Statement and presented to the meeting be and it hereby is ratified, approved and adopted, and the proper officers of this corporation be and they hereby are authorized and directed to take all action necessary or







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desirable, in their opinion, to carry out all of the terms and provisions of said Agreement, including the sale of the property and assets of the Nashville Division of Consolidated Vultee Aircraft Corporation therein described and the offering for subscription and sale of the 820,834 shares of common stock of The Nashville Corporation to be acquired by Consolidated Vultee Aircraft Corporation, all as set forth in said Agreement.

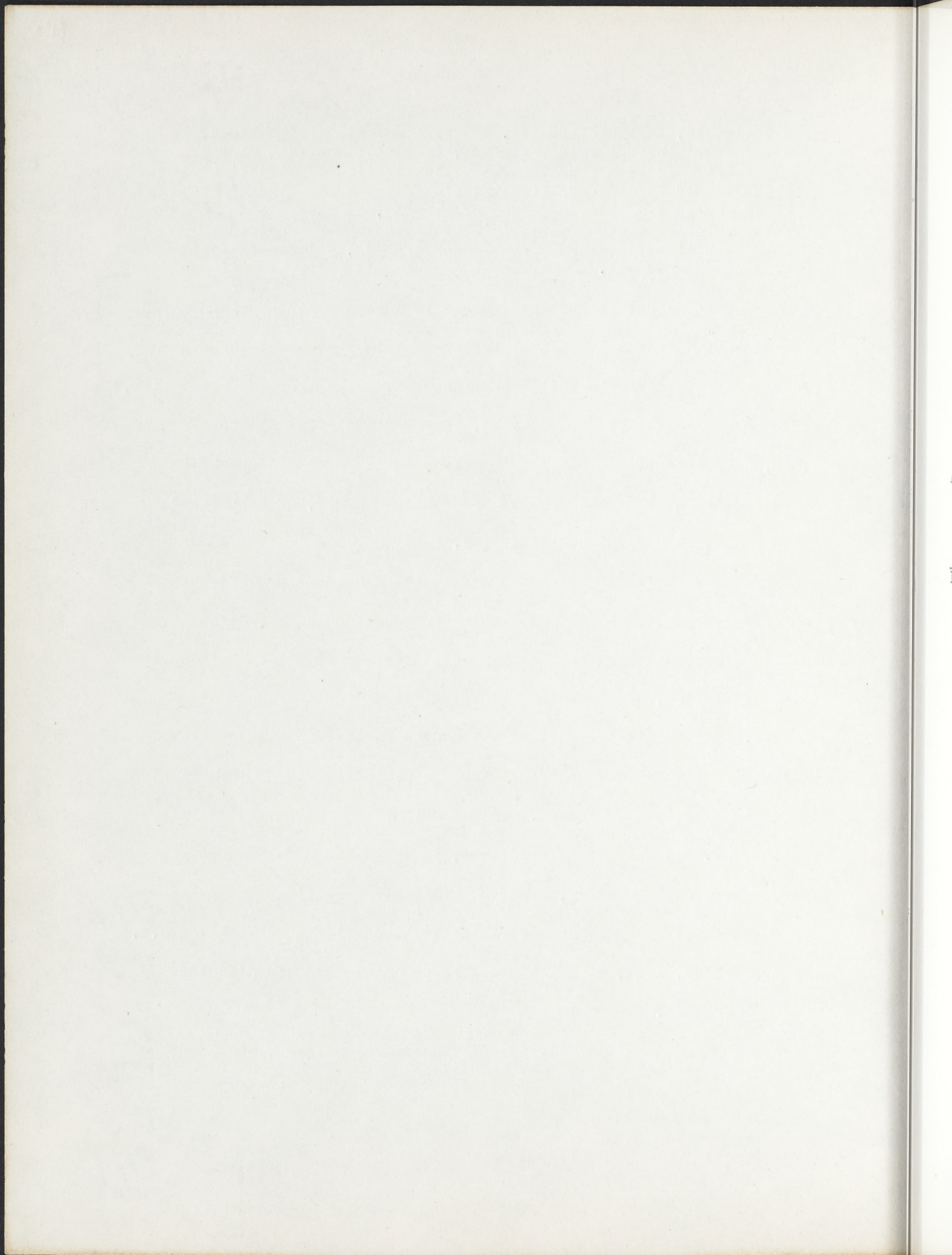
The Secretary and the Judges of Election thereupon canvassed the votes of all of the stockholders present in person and persons present representing stockholders by proxy upon the proposed resolution, and upon completion of said canvass, reported that the holders of 1,018,451 shares of the outstanding common stock of the corporation had voted in favor of the proposed resolution and 17,668 shares had voted against the proposed resolution.

The Chairman then announced that the holders of more than a majority of the issued and outstanding common stock of the corporation entitled to vote at the meeting had voted for the adoption of the proposed resolution, and that the said resolution was thereupon duly adopted. The original report of the judges on the adoption of the proposed resolution was ordered inserted in the records of this meeting and accompanies these minutes.

9. It was next stated that, if there was no other business to come before the meeting, a motion would be entertained to adjourn the meeting without further notice to the stockholders until 11:30 a.m. on November 20, 1947, at which time the election of 9 new directors would take place.

Thereupon the following resolution was offered, seconded and unanimously adopted:

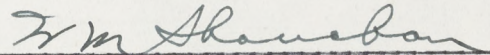






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RESOLVED that this special meeting of the stockholders of this corporation shall be and the same is hereby adjourned until 11:30 a.m., Pacific Standard Time, November 20, 1947, at which time, and without further notice to the stockholders of the corporation, the special meeting shall reconvene at the General Offices of the corporation in San Diego, California, to elect 9 directors to fill vacancies in the Board which may occur, and for the transaction of any other business which may be brought before the meeting.



W. M. Shanahan, Secretary

Approved:



Irving B. Babcock, Chairman



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STATE OF NEW YORK  
COUNTY OF NEW YORK

SS:

Kenneth W. Kehr, being first duly sworn, deposes and states that on behalf of Schroder Trust Company, Transfer Agent for the Common stock of Consolidated Vultee Aircraft Corporation, he has authority to make and does make the following statement concerning the mailing of notices to stockholders of said Corporation shown to be such by the stock records of the Corporation in the custody and control of said Transfer Agent.

That said Transfer Agent mailed on October 17, 1947, postage prepaid, by first-class mail, to all Common stockholders of Consolidated Vultee Aircraft Corporation of record at the close of business October 14, 1947, notice of special meeting of stockholders, to be held November 6, 1947, together with a proxy statement, a copy of which is attached hereto marked Exhibit "A" hereto marked reply envelope marked Exhibit

EXHIBIT "A"







STATE OF NEW YORK     }  
COUNTY OF NEW YORK    } SS:

Kenneth W. Kehr, being first duly sworn, deposes and states that on behalf of Schroder Trust Company, Transfer Agent for the Common stock of Consolidated Vultee Aircraft Corporation, he has authority to make and does make the following statement concerning the mailing of notices to stockholders of said Corporation shown to be such by the stock records of the Corporation in the custody and control of said Transfer Agent.

That said Transfer Agent mailed on October 17, 1947, postage prepaid, by first-class mail, to all Common stockholders of Consolidated Vultee Aircraft Corporation of record at the close of business October 14, 1947, notice of special meeting of stockholders, to be held November 6, 1947, together with a proxy statement, a copy of which is attached hereto marked Exhibit "A", and proxy, a copy of which is attached hereto marked Exhibit "B", and a self-addressed business reply envelope, a copy of which is attached hereto marked Exhibit "C".

That the mailing of the aforementioned material was made by depositing same in the United States Post Office at New York, N. Y.

In accordance with Presidential Order No. 8389 and amendments issued pursuant thereto, none of the aforesaid material was mailed to stockholders who are known to be citizens of certain foreign countries effected by such order.

Therefore, affiant makes this affidavit for the purpose of completing the file of Consolidated Vultee Aircraft Corporation with reference to the aforesaid mailing.

K. W. Kehr  
Subscribed and sworn to before  
me on this 20th day of October, A.D. 1947.

William J. Giesecke

~~Notary Public~~  
NOTARY PUBLIC in the State of New York  
residing in Queens County  
Queens County No. 858, Register No. 158-G-8  
Cert. filed in N. Y. Co. No. 108, Reg. No. 393-G-8  
Commission Expires March 30, 1948



STATE OF NEW YORK  
COUNTY OF NEW YORK  
ss: }

Kenneth W. Kehr, being first duly sworn, deposes and states that on behalf of Schroder Trust Company, Transfer Agent for the Common stock of Consolidated White Aircraft Corporation, he has authority to make and does make the following statement concerning the mailing of notices to stockholders of said Corporation shown to be such by the stock records of the Corporation in the custody and control of said Transfer Agent.

That said Transfer Agent mailed on October 17, 1947, postage prepaid, by first-class mail, to all Common stockholders of Consolidated White Aircraft Corporation of record at the close of business October 14, 1947, notice of special meeting of stockholders, to be held November 6, 1947, together with a proxy statement, a copy of which is attached hereto marked Exhibit "A", and proxy, a copy of which is attached hereto marked Exhibit "B", and a self-addressed business reply envelope, a copy of which is attached hereto marked Exhibit "C".

That the mailing of the aforementioned material was made by depositing same in the United States Post Office at New York, N. Y.

In accordance with Presidential Order No. 8389 and amendments issued pursuant thereto, none of the aforesaid material was mailed to stockholders who are known to be citizens of certain foreign countries effected by such order. Therefore, affiant makes this affidavit for the purpose of completing the file of Consolidated White Aircraft Corporation with reference to the aforesaid mailing.

Subscribed and sworn to before me on this day of October, A.D. 1947.

NOTARY PUBLIC  
OFFICE  
OF NEW YORK



**NOTICE OF SPECIAL MEETING**  
**of Stockholders of**  
**CONSOLIDATED VULTEE AIRCRAFT CORPORATION**

*To the Stockholders of*

CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

Notice is hereby given that a Special Meeting of the Stockholders of Consolidated Vultee Aircraft Corporation (hereinafter called "Consolidated") will be held at the general offices of the Corporation, 3165 Pacific Highway, San Diego, California, on November 6, 1947, at nine o'clock A.M., Pacific Standard Time, for the following purposes:

- (a) To consider and vote upon the adoption or rejection of an Agreement of Sale dated October 3, 1947, between Consolidated, The Nashville Corporation, and Avco Manufacturing Corporation, a copy of which is attached as Exhibit "A" to the accompanying Proxy Statement, which is made a part of this Notice, and to authorize the proper officers of Consolidated to take all action necessary or desirable to carry out the terms of said Agreement of Sale.
- (b) After the aforesaid Agreement of Sale has become effective, to elect at said Special Meeting or at any adjournment thereof nine directors to fill vacancies to be caused by the resignation of nine directors of Consolidated, said newly elected directors to hold office until the next Annual Meeting of Stockholders or until their successors are elected and qualify.
- (c) To transact such other and further business as may properly come before the meeting, or any adjournment or adjournments thereof.

The hour of three o'clock P.M., Eastern Standard Time, October 14, 1947, has been fixed for determining stockholders entitled to notice of and to vote at the Special Meeting of Stockholders, or any adjournment or adjournments thereof, and only stockholders of record on said date are entitled to notice of or to vote at said Special Meeting of Stockholders. The transfer books of Consolidated will not be closed.

All stockholders are urged to attend the meeting, but if you are unable to do so, the management of the Corporation respectfully requests that you date, sign and mail the enclosed Proxy promptly in the enclosed, addressed, stamped envelope. A majority of the outstanding Common Stock must be represented at the meeting to constitute a quorum for the transaction of business. Your prompt compliance with the foregoing request will be greatly appreciated.

By order of the Board of Directors

W. M. SHANAHAN, *Secretary*  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION

Dated at San Diego, California  
October 16, 1947

*EXHIBIT "A"*



STATE OF NEW YORK  
COUNTY OF NEW YORK  
ss: }

Kenneth W. Kehr, being first duly sworn, deposes and states that on behalf of Schroder Trust Company, Transfer Agent for the Common stock of Consolidated Vultee Aircraft Corporation, he has authority to make and does make the following statement concerning the mailing of notices to stockholders of said Corporation shown to be such by the stock records of the Corporation in the custody and control of said Transfer Agent.

That said Transfer Agent mailed on October 17, 1947, postage prepaid, by first-class mail, to all Common stockholders of Consolidated Vultee Aircraft Corporation of record at the close of business October 14, 1947, notice of special meeting of stockholders, to be held November 6, 1947, together with a proxy statement, a copy of which is attached hereto marked Exhibit "A", and proxy, a copy of which is attached hereto marked Exhibit "B", and a self-addressed business reply envelope, a copy of which is attached hereto marked Exhibit "C".

That the mailing of the aforementioned material was made by depositing same in the United States Post Office at

New York, N. Y.

In accordance with Presidential Order No. 8389 and amendments issued pursuant thereto, none of the aforesaid material was mailed to stockholders who are known to be



**NOTICE OF SPECIAL MEETING**  
**of Stockholders of**  
**CONSOLIDATED VULTEE AIRCRAFT CORPORATION**

*To the Stockholders of*

CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

Notice is hereby given that a Special Meeting of the Stockholders of Consolidated Vultee Aircraft Corporation (hereinafter called "Consolidated") will be held at the general offices of the Corporation, 3165 Pacific Highway, San Diego, California, on November 6, 1947, at nine o'clock A.M., Pacific Standard Time, for the following purposes:

- (a) To consider and vote upon the adoption or rejection of an Agreement of Sale dated October 3, 1947, between Consolidated, The Nashville Corporation, and Avco Manufacturing Corporation, a copy of which is attached as Exhibit "A" to the accompanying Proxy Statement, which is made a part of this Notice, and to authorize the proper officers of Consolidated to take all action necessary or desirable to carry out the terms of said Agreement of Sale.
- (b) After the aforesaid Agreement of Sale has become effective, to elect at said Special Meeting or at any adjournment thereof nine directors to fill vacancies to be caused by the resignation of nine directors of Consolidated, said newly elected directors to hold office until the next Annual Meeting of Stockholders or until their successors are elected and qualify.
- (c) To transact such other and further business as may properly come before the meeting, or any adjournment or adjournments thereof.

The hour of three o'clock P.M., Eastern Standard Time, October 14, 1947, has been fixed for determining stockholders entitled to notice of and to vote at the Special Meeting of Stockholders, or any adjournment or adjournments thereof, and only stockholders of record on said date are entitled to notice of or to vote at said Special Meeting of Stockholders. The transfer books of Consolidated will not be closed.

All stockholders are urged to attend the meeting, but if you are unable to do so, the management of the Corporation respectfully requests that you date, sign and mail the enclosed Proxy promptly in the enclosed, addressed, stamped envelope. A majority of the outstanding Common Stock must be represented at the meeting to constitute a quorum for the transaction of business. Your prompt compliance with the foregoing request will be greatly appreciated.

By order of the Board of Directors

W. M. SHANAHAN, *Secretary*  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION

Dated at San Diego, California  
October 16, 1947

*EXHIBIT "A"*



NOTICE OF SPECIAL MEETING  
of Stockholders of  
CONSOLIDATED VALTTE AIRCRAFT CORPORATION

To the Stockholders of  
Consolidated Valtte Aircraft Corporation:

Notice is hereby given that a Special Meeting of the Stockholders of Consolidated Valtte Aircraft Corporation (hereinafter called "Consolidated") will be held at the general offices of the Corporation, 3105 Pacific Highway, San Diego, California, on November 6, 1947, at nine o'clock A.M. Pacific Standard Time for the following purposes:

(a) To consider and vote upon the adoption or rejection of an Agreement of Sale dated October 2, 1947, between Consolidated, The Nashville Corporation and Aero Manufacturing Corporation, a copy of which is attached as Exhibit "A" to the accompanying Proxy Statement, which is made a part of this Notice, and to authorize the proper officers of Consolidated to take all action necessary or desirable to carry out the terms of said Agreement of Sale.

(b) After the aforesaid Agreement of Sale has become effective, to elect at said Special Meeting or at any adjournment thereof nine directors to fill vacancies to be caused by the resignation of nine directors of Consolidated and newly elected directors to hold office until the next Annual Meeting of Stockholders or until their successors are elected and qualify.

(c) To transact such other and further business as may properly come before the meeting or any adjournment or adjournments thereof.

The hour of three o'clock P.M. Eastern Standard Time (October 12, 1947) has been fixed for returning stockholders entitled to notice of and to vote at the Special Meeting of Stockholders or any adjournment or adjournments thereof, and only stockholders of record on said date are entitled to notice of or to vote at said Special Meeting of Stockholders. The transfer books of Consolidated will not be closed.

All stockholders are urged to attend the meeting, but if you are unable to do so, the management of the Corporation respectfully requests that you date, sign and mail the enclosed Proxy promptly in the enclosed, addressed, stamped envelope. A majority of the outstanding Common Stock must be represented at the meeting to constitute a quorum for the transaction of business. Your prompt compliance with the foregoing request will be greatly appreciated.

By order of the Board of Directors

W. M. SHAWMAN, Secretary  
Consolidated Valtte Aircraft Corporation

Filed at San Diego, California

Exhibit "A"



## PROXY STATEMENT

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### CONSOLIDATED VULTEE AIRCRAFT CORPORATION

(A Delaware Corporation)

*To the Stockholders of*

CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

The accompanying Proxy is solicited by the Management of Consolidated Vultee Aircraft Corporation (hereinafter called "Consolidated") for use at a Special Meeting of Stockholders of the Corporation to be held at the general offices of the Corporation at San Diego, California, on November 6, 1947, at nine o'clock A.M., Pacific Standard Time, or at any adjournment or adjournments thereof. All stockholders who cannot be present at the Special Meeting of Stockholders are requested by the management to execute and return the enclosed form of Proxy in the enclosed, addressed, stamped envelope. The Proxy is revocable at any time before its exercise.

There will be submitted to the stockholders of Consolidated for their consideration and approval an Agreement of Sale dated October 3, 1947 (a copy of which is annexed hereto and made a part hereof as Exhibit "A"), between Consolidated and its wholly-owned subsidiary, The Nashville Corporation, a Delaware corporation (hereinafter called "Nashville"), and Avco Manufacturing Corporation, a Delaware corporation (hereinafter called "Avco"), the owner of approximately 26% of the outstanding Common Stock of Consolidated. In the event of the approval by stockholders of such Agreement of Sale, the terms of which are hereinafter described, and after it has become effective, then either at said Special Meeting of Stockholders, or more probably at an adjournment thereof, the stockholders will also vote upon the election of nine directors to fill the vacancies to be caused by the resignation of nine directors. Said newly elected directors will hold office until the next annual meeting of stockholders or until their successors are elected and qualified.

Unless otherwise specifically directed to the contrary, the Management Proxy Committee will vote all of the shares which it represents in favor of the adoption of the Agreement of Sale and in favor of the election of the persons named herein as nominees for directors of Consolidated.

#### TERMS OF AGREEMENT OF SALE

The Board of Directors of Consolidated has unanimously determined that it is in the best interests of Consolidated and of its stockholders that, for the reasons hereinafter set forth, Consolidated's Nashville (Tenn.) Division, which is now exclusively engaged in the manufacture of durable consumers' goods and buses, and all of the shares of Common Stock and Warrants of ACF-Brill Motors Company and Common Stock and Adjustment Stock of Eastern Massachusetts Street Railway Company owned by Consolidated, should be sold. In order to afford to stockholders of Consolidated the maximum opportunity to retain a relative interest both in the assets to be sold and in the assets and business to be retained and carried on by Consolidated, The Nashville Corporation was organized on September 26, 1947 as a wholly-owned subsidiary of Consolidated. Thereafter, on October 3, 1947, Consolidated, Nashville and Avco entered into an Agreement of Sale whereunder Consolidated agreed to sell to Nashville and Nashville agreed to buy from Consolidated, subject to the conditions hereinafter set forth, the following assets of Consolidated:

(a) All of the assets, both tangible and intangible, of every nature and kind of the Nashville Division of Consolidated, including, but without limitation, its plant, equipment, inventories, cash, accounts receivable and contract rights; and



(b) 458,849 shares of the outstanding Common Stock and 160,464.5 Warrants to subscribe for Common Stock of ACF-Brill Motors Company (hereinafter called "ACF-Brill") and 15,500 shares of the outstanding Common Stock and 1,650 shares of the outstanding Adjustment Stock of Eastern Massachusetts Street Railway Company. Such Stock and Warrants represent all of the securities of those corporations now owned by Consolidated, and the shares of the Common Stock of ACF-Brill represent approximately 48% of the outstanding voting stock of that corporation, whereas the shares of stock of Eastern Massachusetts Street Railway Company represent less than 14% of the outstanding voting stock of that company. Nashville has agreed that it is purchasing all of said Stock and Warrants for investment and not with a view to public distribution. The stock of ACF-Brill sold to Nashville is subject to outstanding options granted by Consolidated on January 31, 1946 to 8 officers and supervisory executives of ACF-Brill and Hall-Scott Motor Car Company to purchase an aggregate of 16,500 shares of such stock at \$13.54 per share. All of said options expire on January 31, 1949.

In payment for all of the foregoing assets, Nashville has agreed to assume all of the liabilities, obligations and commitments of the Nashville Division of Consolidated as of the date of the transfer of legal title to the assets to Nashville and to deliver to Consolidated 820,834 shares of Common Stock of the par value of \$1 per share of Nashville which will constitute all of the then outstanding shares of Common Stock of that company. In addition, it is agreed between Consolidated and Nashville that to the extent that the net book value of the Nashville Division of Consolidated as of the closing date is less than \$11,302,506, Consolidated will pay such difference to Nashville in cash; and to the extent such net book value is in excess of \$11,302,506, Nashville will make a cash refund to Consolidated. For the purposes of such computation, net book value shall mean the book value of the assets, less applicable reserves and less liabilities, as determined by Arthur Young & Company, independent public accountants, from the books of Nashville Division in accordance with generally accepted principles of accounting. In such determination, no value shall be placed upon the fully amortized Emergency Plant Facilities owned by Nashville Division, described in Note 4 to the Pro Forma Balance Sheet of Nashville included herein, but said Emergency Plant Facilities are to be included in the assets to be transferred. The 820,834 shares of Common Stock of Nashville to be received by Consolidated are proposed to be offered by Consolidated to its stockholders for purchase by them pursuant to the exercise of Subscription Warrants, all as hereinafter described under the heading "Offering to Stockholders." On October 3, 1947, the date of said Agreement, the closing market price of the Common Stock of ACF-Brill on the New York Stock Exchange was \$8 $\frac{1}{4}$  and of Consolidated Common Stock on said date was \$14 $\frac{1}{4}$ . The closing bid and asked quotations of the ACF-Brill Warrants on the New York Curb Exchange on said date were \$3 $\frac{1}{2}$ -4; and of the Common Stock and Adjustment Stock of Eastern Massachusetts Street Railway Company on the Boston Stock Exchange on said date were \$2 $\frac{1}{2}$ -3 and \$22 $\frac{1}{2}$ -23, respectively.

The Agreement of Sale has been approved by the Board of Directors of Consolidated and is recommended by them to the stockholders of Consolidated for approval and adoption. In addition, Consolidated has engaged Messrs. Sanderson and Porter, independent engineers, to report upon the fairness of the terms of the Agreement of Sale and the advantages of the same to Consolidated. A copy of their report is annexed hereto and made a part hereof as Exhibit "B".

The proposed sale is not a sale of all or substantially all of the assets of Consolidated within the meaning of Section 65 of the General Corporation Law of the State of Delaware and the approval by stockholders of Consolidated of the sale is not required by law. However, Avco owns 410,417 shares or approximately 26% of the outstanding Common Stock of Consolidated, and of the present seventeen members of the Board of Directors of Consolidated, seven are also directors of Avco. In addition, Avco has, in said Agreement of Sale, agreed to subscribe for its pro rata portion of the 820,834 shares of Nashville stock offered by Consolidated to its stockholders and to purchase at the Subscription Price all of the stock of Nashville offered to stockholders of Consolidated other than Avco and not subscribed for by them. Accordingly, Avco will in any event, upon completion of the sale of the Nashville stock by Consolidated, own not less than 205,208 shares or 25% of the outstanding stock of Nashville



and may own a larger percentage. In view of the foregoing, all stockholders of Consolidated are being afforded an opportunity to express their approval or disapproval of the proposed transaction. Dissenting stockholders will have no right of appraisal under the General Corporation Law of Delaware. However, the Agreement of Sale expressly provides that the same will not become effective and binding upon any of the parties thereto unless (a) the holders of at least 50% of the outstanding stock of Consolidated vote in favor of the Agreement, and (b) no developments not now anticipated shall occur between the date of the Agreement and the sale of assets making it inadvisable to consummate the transaction. If both conditions are fulfilled, the sale and transfer of title to the non-aircraft assets of Consolidated to Nashville will take place at an agreed date after the approval by stockholders. In the event that both of the foregoing conditions are not fulfilled, the proposed sale of assets will be abandoned.

### REASONS FOR PROPOSED SALE

With the termination of the war and the resultant large scale cancellation of military aircraft contracts, the productive capacity of the plants owned or operated by Consolidated was far in excess of the amounts required to fulfill outstanding or anticipated orders for the production of aircraft. Accordingly, many plants owned by the Government or its agencies and operated by Consolidated were returned to the Government and production of aircraft was also discontinued at Consolidated's company-owned Nashville, Tennessee, plant. Consolidated at the end of the war also held, in the opinion of its management, working capital in excess of what was then anticipated would be required to continue and develop its peacetime aircraft manufacturing business. In order to utilize this working capital and diversify its activities, Consolidated made its investment in the Common Stock and Warrants of ACF-Brill and in the securities of Eastern Massachusetts Street Railway Company. Furthermore, in order to utilize the plant and facilities at Nashville, Consolidated, in 1946, entered into contracts with The Crosley Corporation (then a subsidiary and now a division of Avco) providing for the manufacture by Consolidated at Nashville of gas and electric kitchen ranges and frozen food storage cabinets for Crosley. These contracts are now involved in technical defaults, as in each case the original contracts contemplated the manufacture by the Nashville Division of Consolidated and the purchase from it by the Crosley Division of Avco of its entire requirements of ranges and frozen food storage cabinets for the period commencing January 1, 1947 and ending June 30, 1949, and in minimum quantities of not less than 25,000 units both of ranges and frozen food storage cabinets quarterly, subject to certain rights of cancellation upon the terms and conditions as therein set forth. Because of shortages of steel and other materials Consolidated has not yet been able to produce the quantities provided in said contracts and the Crosley Division of Avco has not ordered its minimum quota of frozen food storage cabinets and Consolidated has not delivered all the ranges ordered in accordance with the purchase orders accepted from the Crosley Division of Avco. Production at the rates contemplated by the contracts has not been maintained and other technical defaults have occurred with possible resulting damage. The management of each company is in favor of the waiver of any existing defaults and a settlement of resulting claims upon a basis fair and equitable to both parties and arrived at as the result of arm's-length negotiations, but because of the existing affiliation between the companies, settlement may be effected by arbitration, pursuant to the terms of the contracts. Any such settlement effected as a result of agreement or arbitration should not involve materially large monetary adjustments in proportion to the total assets of either Nashville or Consolidated, but will be reflected in the financial statements of Nashville and in its net assets as determined by Arthur Young & Company as at the closing date. In addition, Consolidated contracted with its subsidiary, ACF-Brill, for the production by Consolidated at Nashville of two models of Brill buses and of bus parts. In pursuance of this program, Consolidated has expended approximately \$2,500,000 from the termination of the war through July 31, 1947 in acquiring the necessary equipment and facilities to convert its Nashville Division entirely to the production of the foregoing products. Substantially all of the plant and facilities of Nashville are being utilized or reserved for production under these contracts.



The manufacture of durable consumer goods and buses has presented many problems to Consolidated, the most important of which has been the shortage of steel, which has made it impossible to operate at rates approaching its installed capacities, with resulting reduction in established sales volume and margin of profit. Consolidated, furthermore, in its post-war activities in aircraft manufacture and in the transition from wholly military production to peacetime activities, has suffered large and unanticipated losses, reducing the working capital to such an extent that bank borrowings in the amount of \$12,000,000 as of October 14, 1947 have been necessary to finance its activities up to the date hereof and still larger bank loans may be necessary before operations are again placed upon a profitable basis. Such losses were largely due to the development of its new twin-engine, 40-passenger, commercial transport plane, the Convair Liner, but also to shortages in essential materials, strikes and work stoppages in Consolidated's own plants and in the plants of its purveyors and other causes wholly or in part beyond the control of Consolidated. It is certain that such losses will continue for the balance of the present fiscal year, and unless additional orders for Convair Liners are obtained over and above the airplanes now on order, additional losses on the production of Convair Liners and probably on Consolidated's operations as a whole will be sustained in the 1948 fiscal year. Delays in the delivery of the Convair Liner under outstanding contracts beyond the delivery dates specified therein have occurred. In addition, such aircraft have not as yet met all the specifications called for by such contracts nor received as yet a certificate of airworthiness from the Civil Aeronautics Authority. While none of the purchasers have cancelled their contracts, it is possible that cancellations could occur. It is also possible that Consolidated might sell some of its plants, machines, tools, uncompleted airplanes or other assets, or the Convair Liner project or other projects now being manufactured, or discontinue production of the same. In view of these changed conditions, the management of Consolidated reached the conclusion that its investment in plant facilities not being utilized for aircraft manufacturing and securities not related thereto should be sold and its future activities devoted to aircraft manufacturing and related activities.

Avco, which is chiefly engaged in the production of consumer goods and which has played an active part in the management of Consolidated by reason of its large stockholdings in that corporation, recently learned that Atlas Corporation (hereinafter called "Atlas"), an investment company of which Mr. Floyd B. Odlum is President, had acquired 117,200 shares, or approximately 7% of the outstanding Common Stock of Consolidated, making Atlas, to the best of Consolidated's knowledge, the largest single stockholder of Consolidated other than Avco. As a result of conferences between representatives of Atlas and Avco, it was learned that Atlas would not be adverse to the sale, upon fair and reasonable conditions, of the Nashville Division of Consolidated, the ACF-Brill Stock and Warrants and the Eastern Massachusetts Street Railway Company Stock owned by Consolidated. Avco has advised Consolidated that in the event such non-aircraft assets of Consolidated are sold on a basis which affords to all stockholders of Consolidated an opportunity to retain their pro rata interest in the same, it will purchase its pro rata share of the Nashville stock, and also, not later than 5 days after the expiration of the Subscription Period, purchase any shares not subscribed for and purchased by other Consolidated stockholders, and that, if thereafter it still owns any shares of Consolidated stock, it will, at an opportune time, market conditions permitting, dispose of such stock and for the time being at least retire from Consolidated, and will participate actively in the management of Nashville and ACF-Brill.

Upon consummation of the foregoing transactions Atlas will own approximately 10% of the outstanding Common Stock of Consolidated, exclusive of shares held in its treasury, and in the event of the election of its nine nominees as directors of the corporation such nominees will constitute more than a majority of the Board of Directors of Consolidated. Atlas now owns 20% of the outstanding shares of voting stock of Northeast Airlines, Inc., an air carrier, and may acquire additional shares of that corporation. The Civil Aeronautics Act of 1938, as amended, prohibits any air carrier or person controlling an air carrier from acquiring control of any person engaged in any phase of aeronautics, otherwise than as an air carrier, or from maintaining any relationship established in contravention of such Act. Atlas has advised Consolidated that it disclaims control of Northeast Airlines,



Inc. within the meaning of such Act. In the event of a final determination at some future time, however, that the Atlas holdings of the stock of Consolidated or of Northeast Airlines, Inc. contravene the provisions of said Act, Atlas might then be required to divest itself of all or a part of its holdings of shares in one or the other of such corporations.

If the proposed transactions are consummated, net cash proceeds of approximately \$7,277,506 (after deduction of expenses estimated at not to exceed \$110,000) to be received by Consolidated on the sale of the 820,834 shares of Nashville will first be applied to reimburse Consolidated for any cash required to be paid by it to Nashville in connection with the valuation of Nashville assets set forth on page 2 hereof. The balance of such proceeds, estimated at \$5,529,434 on the basis of the Nashville Division net assets at July 31, 1947, will be applied in reduction of outstanding bank loans, and to the extent of such application net working capital available for aircraft manufacturing will be increased.

### OFFERING TO STOCKHOLDERS

Pursuant to said Agreement of Sale, Consolidated agreed that upon consummation of the sale and upon a Registration Statement under the Securities Act of 1933 with respect to the 820,834 shares of Common Stock of Nashville becoming effective, it will issue to all of its stockholders, including Avco, rights to subscribe for all of the said shares of Nashville stock. Each Consolidated stockholder of record on a date to be determined will be issued a Subscription Warrant entitling him or his assigns to make a Firm Subscription for 2 shares (but not less than 2 shares) of Nashville stock for each 4 shares of Consolidated stock owned by him. The Subscription Price of said 2 shares of Nashville stock will be 1 share of Consolidated stock and \$18 in cash. Cash will not be accepted in lieu of the 1 share of Consolidated stock required to be delivered as part of the Subscription Price. Inasmuch as there are 1,570,266 shares of Consolidated stock outstanding and such Warrants are to be issued ratably to stockholders of Consolidated, the maximum aggregate number of shares of Common Stock of Nashville which can be purchased pursuant to such Firm Subscriptions, is 785,132 shares.

In addition to the right to make such Firm Subscription each such Subscription Warrant will entitle the holder or his assigns to make a Contingent Subscription for as many additional shares of Common Stock of Nashville as he may desire to purchase from among those shares, if any, which are subject to purchase but are not purchased pursuant to the exercise of Firm Subscription Rights, together with an additional 35,702 shares of Nashville to be owned by Consolidated. Each Contingent Subscription will be exercisable at the same Subscription Price, i.e., 1 share of Consolidated Common Stock and \$18 in cash for each 2 shares (but not less than 2 shares) of Nashville Common Stock contingently subscribed for.

In the case of the exercise of both Firm and Contingent Subscriptions, the full Subscription Price, including the necessary shares of Consolidated stock, must accompany each such exercise and be delivered to the Warrant Agent simultaneously therewith.

There is no limit to the number of shares of Common Stock of Nashville which may be subscribed for pursuant to Contingent Subscriptions provided that no less than 2 shares or multiples of 2 shares of Nashville Common Stock may be purchased. However, if the total number of shares of Nashville Common Stock subscribed for, pursuant to both Firm and Contingent Subscriptions, is in excess of the 820,834 shares of Nashville stock owned by Consolidated, then all Firm Subscriptions will be filled first. Any balance of the aforesaid shares unsubscribed for pursuant to Firm Subscriptions will be prorated among the Contingent Subscribers in proportion to their Contingent Subscriptions. Fractions of shares of Common Stock of Nashville will not be issued, but whole shares of Common Stock will be issued to holders of 2 or more fractional Subscription Warrants, to the extent such Warrants in the aggregate entitle the holder to subscribe for 2 shares of Nashville stock or multiples thereof. Shareholders will not receive any fractional shares of Common Stock of Nashville which may result from the pro-ration of Contingent Subscriptions.



It is presently contemplated that the Subscription Period for the exercise of both Firm and Contingent Subscriptions will be of approximately 20 days duration. However, the commencement of such period is contingent upon effectiveness of a Registration Statement under the Securities Act of 1933 with respect to the 820,834 shares of Common Stock of Nashville and the duration of the period may be less than 20 days.

Avco has agreed to make a Firm Subscription for its pro rata share of Nashville stock which it will be entitled to purchase by virtue of its ownership of 410,417 shares of Consolidated. Avco will not make a Contingent Subscription, but it has agreed to purchase at the same Subscription Price, immediately after the expiration of the Subscription Period, all of the Nashville stock offered to other stockholders of Consolidated and not subscribed for by them, either pursuant to Firm Subscriptions or Contingent Subscriptions, and Consolidated has agreed to sell the balance of said shares to Avco. Atlas has agreed not to exercise its Warrants, either for the purpose of making a Firm or Contingent Subscription, but reserves the right to sell or dispose of such Warrants as it sees fit.

The aggregate number of shares of Nashville to be sold by Consolidated to its stockholders, including Avco, will be 820,834 shares. All of such stock is of one class and each share has equal rights with every other share with respect to dividends and in the amount which it may receive on liquidation, dissolution or winding up of Nashville. Such stock does not carry any preemptive or conversion rights, is not subject to redemption, to liability to further calls on unpaid installments, or to liability for assessment. The number of shares of Consolidated and of Nashville which Avco will own upon the expiration of the Subscription Period cannot now be determined. In no event, however, will Avco own less than 205,208 shares, or 25% of the outstanding Common Stock of Nashville, which are the shares it will purchase upon the exercise of its Firm Subscription. The 117,200 shares or approximately 7% of the outstanding Common Stock of Consolidated owned by Atlas as of September 15, 1947 will increase to approximately 10% of the outstanding Common Stock of Consolidated, exclusive of shares held in its treasury, after the consummation of the sale of assets, the purchase by stockholders of Consolidated of all the 820,834 Nashville shares and the delivery to Consolidated of the 410,417 shares of its Common Stock.

In the event of the approval by stockholders of the proposed transaction and the effectiveness of a Registration Statement under the Securities Act of 1933 covering all of the 820,834 shares of Nashville, it is contemplated that Subscription Warrants will be mailed to stockholders. After the expiration of the Subscription Period, Subscription Warrants will be void and of no effect. In the event that any stock of Consolidated or cash forwarded as part of the Subscription Price of any Contingent Subscription is not used because of pro-rata thereof, then such stock and cash will be mailed back to the subscriber as soon as possible after the termination of the Subscription Period. Stockholders of Consolidated are cautioned that due regard must be given by them to possible delay in transmission through the mails of their subscriptions.

The Subscription Warrants will not be listed on the New York Stock Exchange or any other exchange. If substantial distribution of Nashville Common Stock among Consolidated stockholders other than Avco is obtained upon the exercise of subscriptions, an application will be made to list the shares of Common Stock of Nashville either on the New York Stock Exchange or the New York Curb Exchange within a reasonable time after the expiration of the Subscription Period.

#### **EFFECT OF PROPOSED TRANSACTIONS ON BALANCE SHEETS OF CONSOLIDATED AND NASHVILLE**

##### **Consolidated:**

The effect on Consolidated's balance sheet of the sale of assets by Consolidated to Nashville and the acquisition by Consolidated of the 410,417 shares of its own Common Stock, together with the cash portion of the Subscription Price, all as hereinbefore set forth, is summarized below:



		<u>Total Net Assets</u>	
	<u>Net Current Assets</u>	<u>On the basis of investments* carried at cost</u>	<u>On the basis of investments* carried at July 31, 1947 quoted market value</u>
Before proposed transaction, based on the balance sheet at July 31, 1947 on page 28 hereof to which reference is made .....	\$27,537,088	\$46,917,621	\$43,623,060
Per share of outstanding stock (based upon a total of 1,570,266 shares) .....	\$17.54**	\$29.88**	\$27.78**

	<u>Net Current Assets</u>	<u>Total Net Assets</u>
After proposed transaction, based on the pro forma balance sheet as at July 31, 1947 on page 37 hereof to which reference is made .....	\$26,091,429	\$35,080,148
Per share of outstanding stock (based upon a total of 1,159,849 shares) .....	\$22.50**	\$30.25**

\* Consolidated's investments in ACF-Brill and Eastern Massachusetts Street Railway Company have a cost, to Consolidated, of \$7,812,473 and a quoted market value of \$4,517,912 at July 31, 1947.

\*\* The net current assets per share and the total net assets per share shown above as of July 31, 1947, will be reduced by losses subsequently sustained and such subsequent losses will be equated into the smaller number of shares outstanding after the proposed transaction rather than the number of shares now outstanding.

#### Nashville:

The effect on Nashville's balance sheet of the purchase of assets from Consolidated and the issuance of 820,834 shares of its Common Stock may be summarized as follows:

	<u>Net Current Assets</u>	<u>Total Net Assets</u>
		<u>On the basis of investments* carried at July 31, 1947 quoted market value</u>
After proposed transaction, based on the pro forma balance sheet as at July 31, 1947 on page 40 hereof to which reference is made.....	\$ 8,643,165	\$15,740,418
Per share of outstanding stock (based upon a total of 820,834 shares)	\$10.53	\$19.17

\* It is intended that the investments in ACF-Brill and Eastern Massachusetts Street Railway Company will be stated on the books of Nashville on the basis of quoted market values on date actually acquired by Nashville.

#### SUMMARIES OF EARNINGS

The following summaries of earnings of Consolidated, of its Nashville Division and of ACF-Brill, have been prepared from, and should be read in conjunction with, the respective statements of income and the notes thereto contained elsewhere herein.



# Consolidated Vultee Aircraft Corporation and Consolidated Subsidiary

	<u>Net Sales</u>	<u>Income (Loss) before Provision for Federal Taxes Based on Income</u>	<u>Provision for Federal Taxes Based on Income</u>	<u>Net Income (Loss) (a)</u>
Year ended November 30, 1944....	\$958,427,461 (b)	\$61,827,547	\$44,612,763	\$17,214,784 (b)
Year ended November 30, 1945....	645,408,302 (b)	25,991,396	19,103,214	6,888,182 (b)
Year ended November 30, 1946....	13,705,771	(9,116,036)	(6,340,417) (c)	(2,775,619)
Eight months ended July 31, 1947	25,810,295	(24,219,456)	(18,000,000) (c)	(6,219,456)

## NOTES:

- Surplus adjustments have been applied, in the foregoing summary, as adjustments of income of the years to which applicable.
- Substantially all of the net sales and net income for the years 1944 and 1945 as well as for the years 1941, 1942 and 1943 resulted from war business (manufacture of military aircraft).
- Represents estimated recovery of Federal income and excess profits taxes resulting from "carry-back" of operating loss for period (see Note 3 on page 32 hereof). This credit to income is of a non-recurring nature since any losses sustained subsequent to 1947 will not, under the present tax law, result in tax benefits except to the extent they may be offset against subsequent profits.

The pre-war sales and net income were substantially lower than during the war years. During the four-year period, 1937 through 1940, the net sales of Consolidated, of Vultee Aircraft, Inc. which was merged into Consolidated in March, 1943, and of predecessors of Vultee Aircraft, Inc., averaged approximately \$13,750,000 per year, and the net income for such period averaged approximately \$980,000 per year. Substantially all of such sales and net income were attributable to military aircraft for the U. S. and foreign governments.

The foregoing summary of earnings includes the operations of Consolidated's Nashville Division, but does not include the operations of ACF-Brill and the latter's subsidiaries.

## Nashville Division of Consolidated Vultee Aircraft Corporation

	<u>Net Sales</u>	<u>Loss before Recovery of Federal Taxes based on Income</u>	<u>Recovery of Federal Taxes based on Income</u>	<u>Net Loss</u>
Year ended November 30, 1946.....	\$1,869,523	\$ (1,659,320) (a)	\$ (1,154,096) (b)	\$ (505,224)
Eight months ended July 31, 1947.....	6,100,952	(1,309,219) (a)	(990,908) (b)	(318,311)

## NOTES:

- The costs charged to income for the year ended November 30, 1946 and the eight months ended July 31, 1947 are not indicative of normal operations since, during such periods and particularly during the year ended November 30, 1946, Nashville Division commenced manufacture of its present products (buses and bus parts, kitchen ranges and frozen food storage cabinets). As a result the costs charged to income are applicable, in part, to plant rearrangement and idle or excess plant facilities as well as to development, employee training and other pre-production and start-up expenses. It is not practicable, however, to estimate with any degree of accuracy the aggregate amount of such abnormal costs charged to income or the adverse effect on operations which has resulted from shortages of certain critical materials and parts.
- Represents portion, applicable to Nashville Division, of estimated recovery by Consolidated of Federal income and excess profits taxes resulting from "carry-back" of operating loss for period. This credit to income is of a non-recurring nature since any losses sustained by Consolidated subsequent to 1947 and any losses sustained by The Nashville Corporation will not, under the present tax law, result in tax benefits except to the extent they may be offset against subsequent profits.



Summary of earnings of Nashville Division for the years 1940 (when operations of this Division commenced) through 1945 is not submitted since such data are not considered pertinent to the proposed operations of The Nashville Corporation. While the Division realized substantial profits during the years 1942 through 1945 substantially all of its net sales and net income resulted from war business (manufacture of military aircraft), which was terminated in 1945.

#### ACF-Brill Motors Company and Subsidiaries

	<u>Net Sales</u>	<u>Income (Loss) before Provision for Federal Taxes Based on Income</u>	<u>Provision for Federal Taxes Based on Income and Related Adjustments</u>	<u>Net Income (Loss) (a)</u>	<u>Portion of Net Income (Loss) Applicable to 48% Stock Investment (b)</u>
Year ended Dec. 31, 1944..	\$25,804,338(c)	\$2,168,760	\$1,295,800	\$872,960(c)	\$416,191
Year ended Dec. 31, 1945..	22,806,944(c)	521,725	219,000	302,725(c)	144,327
Year ended Dec. 31, 1946..	24,326,083	(890,499)	(17,000)	(873,499)	(416,449)
Seven months ended July 31, 1947.....	23,628,127	349,618	110,000	239,618	114,240

#### NOTES:

- Surplus adjustments have been applied, in the foregoing summary, as adjustments of income of the years to which applicable. The minority interest which existed until July 31, 1944, in American Car and Foundry Motors Company and its subsidiaries is not reflected in the foregoing summary since the latter has been prepared on a pro-forma basis to give retroactive effect to the merger as of August 1, 1944, of American Car and Foundry Motors Company into The Brill Corporation (which then changed its name to ACF-Brill Motors Company).
- Approximately 48% of the outstanding common stock of ACF-Brill, together with warrants to purchase additional common stock, was acquired by Consolidated in 1946. Upon consummation of the proposed transactions which are the subject of this Proxy Statement, such investment in ACF-Brill common stock and warrants will be owned by The Nashville Corporation.
- The sales and net income for the years 1944 and 1945, as well as for the years 1940 through 1943, resulted, for the most part, from war business.

The pre-war sales and net income were substantially lower than during the war years. During the years 1938 and 1939 the net sales amounted to approximately \$8,000,000 in each year and the net loss amounted to approximately \$300,000 for the year 1938, and approximately \$520,000 for the year 1939.

#### ELECTION OF DIRECTORS

In furtherance of its plan to dispose of its interests in aircraft manufacturing enterprises, Avco has agreed that after the expiration of the Subscription Period and the fulfillment of its commitment to purchase from Consolidated any shares of Nashville stock not purchased by other subscribers, it will, if it still owns any shares of Consolidated Common Stock, thereafter dispose of the same as soon as market conditions reasonably permit a fair price to be obtained therefor. Accordingly, at a date to be agreed upon following the transfer of the non-aircraft assets of Consolidated to Nashville, Avco proposes to turn over the management of Consolidated to the stockholders of Consolidated who have retained their stock interest in that corporation and to permit them to elect a majority of the Board of Directors. This election may take place at the Special Meeting of Stockholders on November 6, 1947, but will probably take place at an adjournment thereof. The Board of Directors of Consolidated believes that the management of Atlas Corporation, which has had wide experience in the supervision and direction of industrial corporations, would be in a position to contribute materially to the progress of Consolidated. Atlas has stated to Consolidated that it approves the pro-



posed sale and will vote the shares of Consolidated owned by it in favor of the Agreement of Sale. Accordingly, Consolidated has secured the agreement of Avco that if at said Special Meeting of Stockholders the foregoing Agreement of Sale is approved and the sale is consummated, Avco will tender the resignations of Messrs. George E. Allen, Irving B. Babcock, C. Coburn Darling, Victor Emanuel and R. S. Pruitt, who are also directors of Avco, and the resignations of Messrs. Neal Dow Becker, Francis A. Callery, Rudolph H. Deetjen and J. Mason Houghland. Stockholders of Consolidated will accordingly at said Special Meeting or at an adjournment thereof vote upon the election of the following persons to fill the vacancies caused by such resignations: Messrs. Floyd B. Odlum, C. E. Groesbeck, Oswald L. Johnston, Sydney R. Inch, George H. Shaw, Ben O. Howard, Richard C. Patterson, Jr., William C. Rockefeller and Emmett A. McCabe.

During the past 5 years Mr. Odlum has been President and a director of Atlas Corporation, New York, N. Y., and is Chairman of the Board of Directors of Radio-Keith-Orpheum Corporation, New York, N. Y. Mr. Oswald L. Johnston is and has been during the past 5 years a partner of the law firm of Simpson Thacher & Bartlett, New York, N. Y., and is Vice President, Secretary and a director of Atlas Corporation. Mr. C. E. Groesbeck is a director and a consultant of Electric Bond and Share Company. Mr. Emmett A. McCabe is and has been an executive of Atlas Corporation since January, 1947, and prior to that time was an advertising and public relations consultant. Mr. Richard C. Patterson, Jr. is Chairman of the Board of Ogden Corporation and of New York Water Service Corporation, a partner in Robert Heller & Associates, Industrial Engineers, and is a director of General Aniline and Film Corporation. During the past 5 years Mr. Ben O. Howard has been an aviation consultant for Fairchild Airplane Co., Douglas Aircraft Co., United Airlines and Atlas Corporation, and Assistant to the President of Douglas Aircraft Co. He is now consultant to Consolidated Vultee Aircraft Corporation. Mr. George H. Shaw is a member of the law firm of Lee, Shaw and McCreery, Denver, Colorado, and is a director of Cities Service Company, Radio-Keith-Orpheum Corporation and Arkansas National Gas Corporation. Mr. Sydney R. Inch has been Vice-Chairman of the Board and a director of Ebasco Services Incorporated, New York, N. Y., since December 31, 1945, prior to which time he was President and a director of that company. Mr. William C. Rockefeller is and has been during the past 5 years General Manager of Alvin P. Adams & Associates, aviation consultants.

None of such persons, or any of their associates, own stock in Consolidated Vultee Aircraft Corporation, except that Atlas Corporation, of which Mr. Odlum is President and a director, Mr. Oswald L. Johnston is Vice President, Secretary and a director, and Mr. Emmett A. McCabe is an executive, owned beneficially on September 15, 1947, 117,200 shares of Common Stock of Consolidated Vultee Aircraft Corporation.

All of such persons are nominees of Atlas Corporation and in the event of the election of such nominees Mr. I. B. Babcock, Chairman of the Board of Consolidated, will resign his position and Mr. Floyd B. Odlum, President of Atlas, has agreed that in such event he will assume the office of Chairman of the Board of Consolidated if elected thereto by the Board of Directors. It is presently contemplated that all of the other officers of Consolidated will continue to hold office. Mr. Harry Woodhead, President and a director of Consolidated and now a director of Avco, will resign as a director of Avco after the sale is consummated.

In addition, upon such consummation, Messrs. I. M. Laddon, William A. Blees and Harry Woodhead will resign as directors of ACF-Brill and Mr. V. C. Schorlemmer will resign as a Vice President of that corporation. Thereafter Mr. George Adams Ellis, Dr. Robert Livingstone Johnson and John Stevenson will be elected directors of ACF-Brill by the directors of that company to fill the vacancies caused by the foregoing resignations. Mr. George Adams Ellis is a member of the law firm of Clark, Carr and Ellis, New York, N. Y., and is Chairman of the Board and a director of The First National Bank of Bennington, Vermont, and Vermont Copper Company, Inc. He is also a director of New York Shipbuilding Corporation and Robbins Publishing Company, Inc. Dr. Robert Livingstone Johnson is President of Temple University, Philadelphia, Pennsylvania, a director of



Girard Trust Company and of Armstrong Cork Company, and a Trustee of the Penn Mutual Life Insurance Company; Mr. John Stevenson is President of the Penn Mutual Life Insurance Company and Bell Telephone Company of Pennsylvania, and is a Trustee of the University of Pennsylvania and of the University of Chicago.

## REMUNERATION OF OFFICERS AND DIRECTORS OF CONSOLIDATED

<u>Name</u>	<u>Offices Held</u>	<u>Remuneration from Consoli- dated and Subsidiaries</u>	<u>Amount Paid or Set Aside Pursuant to Pension Plan by Consolidated</u>	<u>Estimated Annual Benefits From Pension Plan of Consolidated</u>
	(1)	(1)	(2)	(3)
IRVING B. BABCOCK <sup>(4)</sup>	Chairman of the Board of Directors	\$ 45,356.45	None	None
HARRY WOODHEAD <sup>(4)</sup>	President and Director	85,106.45	\$11,424.04	\$18,000.00
I. M. LADDON	Executive Vice President and Director	80,006.45	9,085.52	18,000.00
C. T. LEIGH	Vice President and Director	48,406.45	7,382.60	14,206.20
WILLIAM A. BLEES <sup>(4)</sup>	Vice President and Director	40,356.45	None	None
V. C. SCHORLEMMER <sup>(4)</sup>	Vice President and Director	25,339.79	1,675.92	14,943.24
W. M. SHANAHAN	Secretary and Treasurer	22,006.45	1,897.36	9,498.12
R. S. PRUITT <sup>(6)</sup>	General Counsel, Director and Vice President	See Note 6	632.24	502.68
J. MASON HOUGHLAND	Director	5,333.33	None	None
LOUIS A. JOHNSON <sup>(7)</sup>	Director	5,333.33	None	None
DONALD N. McDONNELL	Director	5,333.33	None	None
VICTOR EMANUEL	Director	5,633.33	None	None
JOHN D. HERTZ	Director	5,333.33	None	250.32
C. COBURN DARLING	Director	5,433.33	684.20	479.52
RUDOLPH H. DEETJEN	Director	5,333.33	None	None
GEORGE E. ALLEN <sup>(4)</sup>	Director	5,533.33	None	None
NEAL DOW BECKER <sup>(4)</sup>	Director	5,683.33	None	None
FRANCIS A. CALLERY <sup>(5)</sup>	Consultant and Director	19,999.99	2,492.64	2,166.96
JOSEPH H. ROSENBERG	Director	None	None	None
H. DALZELL WILSON <sup>(8)</sup>	Former Consultant and Director	10,583.32	None	None
All Officers and Directors of Consolidated as a Group (includes amounts paid by subsidiaries)		\$426,111.77	\$35,274.52	\$78,047.04

### NOTES:

- (1) Information given is for fiscal year ended November 30, 1946.
- (2) Includes amounts paid or set aside for future services during the fiscal year ended November 30, 1946.
- (3) The amount given is the estimated amount of annual benefits which the officers and directors named would receive in the event their connection with Consolidated is continued until retirement age 65, or in the case of certain individuals until a period earlier than age 65, and assumes continuance of their compensation at the rate in effect on October 1, 1946 and of payments to the retirement plan by Consolidated and by the individuals at the same rates for future service as was in effect on October 1, 1946. The estimated retirement benefit at age 65 or at such earlier period in the case of certain individuals is, however, in each case subject to change in the event of a decrease or increase in the individual's compensation in intervening years resulting in a corresponding change in his and Consolidated's contributions to the plan.



- (4) During the fiscal year ended November 30, 1946, Messrs. Babcock, Woodhead, Schorlemmer, Blee, Allen, and Becker received, respectively, remuneration in the amount of \$9,372.61, \$100.20, \$333.54, \$38,134.22, \$33.33 and \$2,683.33 in excess of the remuneration which was received by them, respectively, during the preceding fiscal year. All the officers and directors of the Corporation, considered as a group, received \$12,129.52 less in compensation for the fiscal year ended November 30, 1946, than they did for the previous fiscal year.
- (5) Mr. Francis A. Callery is employed as a consultant on a part time basis under a contract expiring November 30, 1947. The estimate as to his annual benefits under the Pension Plan is based upon the assumption that his employment by the Corporation will terminate upon the expiration of said contract.
- (6) Mr. Pruitt is a partner in the law firms of Pruitt, Desvernine, Hale and Coursen, New York, N. Y., and Pruitt and Grealis, Chicago, Ill. Consolidated paid to such firms for legal services during the period December 1, 1945 to November 30, 1946 the aggregate sum of \$181,000 and \$4,603.15 in reimbursement of expenses. Not all of such sums accrued to Mr. Pruitt personally and he received no remuneration for his services as a Vice President and director of Consolidated.
- (7) Mr. Johnson is a partner in the law firm of Steptoe & Johnson, which received from Consolidated the sum of \$6,000 for legal fees and expenses during the fiscal year ended November 30, 1946. Not all of such sum accrued to Mr. Johnson personally.
- (8) Deceased.

Twelve employees of Consolidated and its subsidiaries other than officers or directors received between \$20,000 and \$50,000 or an aggregate of \$284,936.91 during the past fiscal year. Only one such employee (who received \$50,105) received over \$50,000 and none received over \$100,000.

#### REMUNERATION TO PERSONS, OTHER THAN DIRECTORS, OFFICERS AND EMPLOYEES

The following persons, other than directors, officers and employees, received from Consolidated during the fiscal year 1946 in excess of \$20,000, as follows:

<u>Name</u>	<u>Capacity in Which Remuneration Was Received</u>	<u>Aggregate Remuneration</u>
PRUITT, DESVERNINE, HALE AND COURSEN ; and PRUITT AND GREALIS	General Counsel	\$181,000.00
HENRY DREYFUSS	Designer	114,029.63
ARTHUR YOUNG & COMPANY	Auditors and Accountants	70,286.22
HILL & KNOWLTON	Public Relations Counsel	60,955.64(1)
JOHN E. HUGHES	Tax Counsel	42,235.00

NOTE:

- (1) This figure includes reimbursements made by Consolidated for the salaries of employees furnished to it at its request, and also reimbursement for expenses incurred on behalf of Consolidated.

#### NASHVILLE DIRECTORS AND OFFICERS AND PROPOSED REMUNERATION

The present officers of Nashville, and the annual salaries presently contemplated to be paid to such persons by Nashville, are as follows: Irving B. Babcock, President, \$15,000; Raymond C. Cosgrove, Vice President, \$10,000; R. R. Monroe, Vice President, \$10,000; R. S. Pruitt, Vice President and Secretary, no compensation except as counsel; W. A. Mogensen, Vice President and Treasurer, \$5,000.



Changes may be made in such officers during the ensuing year. No increase in the aggregate salaries of any of such persons will result from their salaries from Nashville since the amounts of such salaries paid by Nashville will be deducted from the amounts such persons would otherwise receive from Avco and its other subsidiaries.

The directors of Nashville are: George E. Allen, Irving B. Babcock, Neal Dow Becker, C. Coburn Darling, Maclin P. Davis, Victor Emanuel, R. S. Pruitt, Thomas A. O'Hara and Samuel F. Pryor, Jr.

All of such persons except Messrs. Davis, Becker, O'Hara and Pryor are presently directors of Consolidated and Avco, Mr. Becker being a director of Consolidated only, and Mr. O'Hara being a director of Avco only. Mr. Davis, who is not a director of Avco or Consolidated, is President and a director of The Tennessee Foundry and Machine Company, and is a director of the Tennessee Central Railroad. During the past five years he was Vice-President of the American National Bank in Nashville Tenn., and President of Se-Ling Hosiery Mills Co. of Nashville Tennessee. Mr. Thomas A. O'Hara is and has been during the past five years a director of Avco, and is Chairman of the Board of Directors of Colonial Ice Company; President and director of Central States Edison Co., Union Electric Power Corporation, and a director of Standard Gas and Electric Company, New York Shipbuilding Corporation, Republic Steel Corporation, ACF-Brill Motors Company and Crosley Broadcasting Corporation. Mr. Samuel F. Pryor, Jr., who is not a director of either Avco or Consolidated, is Executive Vice President and a director of Pan American Airways Corporation, and is a director of New York Shipbuilding Corporation, Vanadium Corporation of America, and Greenwich Trust Company.

The By-Laws of Consolidated, which were approved by the stockholders, presently provide that each director is eligible to receive compensation to be fixed by the Board of Directors but which may not exceed \$6,000 per annum for his services as a director or a member of any committee. The directors of Consolidated have fixed such amount at \$4,000 for the current fiscal year and have adopted the policy that no director, who is also an officer of Consolidated or any of its subsidiaries and receiving compensation as such, may receive any remuneration for his services as a director or as a member of any committee. The By-Laws of Nashville contain a similar provision except that the limitation with respect to salaried officers is expressly contained in the By-Laws and except that the maximum annual remuneration may not exceed \$2,400. However, for the first year of the existence of Nashville, the directors have determined that such annual remuneration may not exceed \$1,000. The amount specified is the maximum amount which a director may receive irrespective of the number of committees on which he serves. All of the directors of Consolidated who are to become directors of Nashville and who will receive remuneration from Nashville will resign as directors of Consolidated on the consummation of the sale of assets and, hence, will receive less remuneration than if they were to continue as directors of Consolidated.

#### INFORMATION RELATIVE TO PRESENT DIRECTORS OF CONSOLIDATED

<u>Name</u>	<u>Principal Occupation</u>	<u>Year First Elected Director</u>	<u>Consolidated Stock Beneficially Owned as of Sept. 15, 1947</u>
GEORGE E. ALLEN	Associate, James S. Kemper & Company.	1945	100
IRVING B. BABCOCK(1)	President, Avco Manufacturing Corporation.	1945	100
NEAL DOW BECKER	President, Intertype Corporation.	1945	None
WILLIAM A. BLEES(1)	Vice-President, Consolidated Vultee Aircraft Corporation.	1946	100
FRANCIS A. CALLERY(1)	Associate of Lehman Brothers.	1941	100



<u>Name</u>	<u>Principal Occupation</u>	<u>Year First Elected Director</u>	<u>Consolidated Stock Beneficially Owned as of Sept. 15, 1947</u>
C. COBURN DARLING	Director of: Consolidated Vultee Aircraft Corporation; Avco Manufacturing Corporation; New York Shipbuilding Corporation; Roosevelt Field, Inc.; ACF-Brill Motors Company; President and Director, New England Distillers, Inc.	1941	None
RUDOLPH H. DEETJEN(2)	General Partner, Emanuel, Deetjen & Co.	1944	100
VICTOR EMANUEL(2)	Chairman of the Board, Avco Manufacturing Corporation.	1943	600
JOHN D. HERTZ(2)	Partner of Lehman Brothers.	1937	None
J. MASON HOUGHLAND	President, Spur Distributing Co.	1943	45
LOUIS A. JOHNSON(2)	Attorney, Steptoe & Johnson.	1942	600
I. M. LADDON(1)(2)	Executive Vice-President, Consolidated Vultee Aircraft Corporation.	1931	1,120
DONALD N. McDONNELL	Vice-President, Blyth & Co., Inc.	1941	100
R. S. PRUITT(1)(2)	Attorney, Pruitt, Desvernine, Hale and Coursen, and Pruitt and Grealis.	1941	380
JOSEPH H. ROSENBERG	Lehman Brothers (West Coast Representative).	1947	100
V. C. SCHORLEMMER(1)	Vice-President, Consolidated Vultee Aircraft Corporation.	1943	45
HARRY WOODHEAD(1)	President, Consolidated Vultee Aircraft Corporation.	1941	415
C. T. LEIGH(1)	Vice President, Consolidated Vultee Aircraft Corporation.	—	None
W. M. SHANAHAN(1)	Secretary and Treasurer, Consolidated Vultee Aircraft Corporation.	—	100

NOTES:

- (1) In addition to the securities listed above, certain officers or directors of the Corporation hold options to purchase the following numbers of shares of Common Stock of Consolidated at the option price of \$17.75 per share: I. B. Babcock, 15,975; Harry Woodhead, 8,875; I. M. Laddon, 8,875; R. S. Pruitt, 3,550; Francis A. Callery, 3,550; William A. Blees, 2,485; C. T. Leigh, 2,485; V. C. Schorlemmer, 2,130; William M. Shanahan, 1,065.
- (2) In addition, associates of the following persons owned the shares hereinafter set forth: Rudolph H. Deetjen, 72 shares; Victor Emanuel, 2,759 shares; John D. Hertz, 100 shares; Louis A. Johnson, 100 shares; I. M. Laddon, 50 shares; R. S. Pruitt, 470 shares.

#### INTEREST OF DIRECTORS IN TRANSACTIONS WITH CONSOLIDATED AND SUBSIDIARIES

Consolidated sold to The Crosley Corporation, formerly a subsidiary and now a Division of Avco, and also to Avco's Crosley Division, gas and electric kitchen ranges and frozen food storage cabinets produced at Nashville during the fiscal year ended November 30, 1946 and during the current fiscal year which were constructed according to designs and specifications furnished to Consolidated by Crosley. These products were sold pursuant to agreements between the two corporations, the terms of which



were formulated after extensive arm's-length negotiations between the parties. Such terms have now been embodied in two contracts between Consolidated and Avco. Pursuant to the respective contracts, Consolidated is to produce and sell to Avco the entire requirements of Avco for stoves and frozen food storage cabinets with an agreed minimum number of stoves and cabinets to be produced and sold per annum at prices specified in said contracts. The term of each contract is until June 30, 1949 and thereafter from year to year unless terminated. Consolidated and Avco each have the option to terminate each of said contracts effective June 30 of any year subsequent to 1948 by giving written notice to the other party prior to January 1 of said year of intention to terminate. In the event of such termination and depending upon which party terminates and the reason therefor, Avco and Consolidated each have certain rights and obligations with respect to the machinery listed in said contracts and special tooling purchased or acquired by Consolidated for use in connection with said contracts; and also upon termination and depending upon which party terminates and the reason therefor, Avco has the option to purchase all of the machinery, tools, inventory and work in process at the Nashville, Tenn., plant of Consolidated purchased for said contract, and to lease said plant with an option to purchase same at book value less applicable reserves. For information with reference to existing defaults under said contracts reference is made to page 3 hereof.

Consolidated and ACF-Brill have entered into an Agreement dated April 1, 1947 whereunder Consolidated agreed to manufacture a minimum of 900 city buses and spare parts at Nashville for ACF-Brill. The final price for the city buses will be computed at Consolidated's cost (with certain limitations relating to overhead and administrative expenses) plus a profit which may vary according to a formula set forth in the contract which takes into consideration operating efficiency and general conditions in labor and material markets. Delivery of buses under said contract has commenced. Consolidated is using approximately 500,000 square feet in its Nashville plant for the manufacture of these buses and, in addition, is manufacturing and will continue to manufacture as a sub-contractor in the ordinary course of business, parts for motor buses assembled by ACF-Brill at its plant in Philadelphia, Pa.

Messrs. Victor Emanuel, Irving B. Babcock, Harry Woodhead, I. M. Laddon, William A. Blees, George E. Allen, Neal Dow Becker and C. Coburn Darling are directors of ACF-Brill, and Messrs. V. C. Schorlemmer and R. S. Pruitt are Vice President and Secretary, respectively, thereof. Messrs. Victor Emanuel, Irving B. Babcock, C. Coburn Darling, R. S. Pruitt, John D. Hertz, George E. Allen and Harry Woodhead are directors both of Consolidated and Avco.

For their services and financial advice in connection with the aforesaid sale of assets by Consolidated to Nashville, Lehman Brothers, Investment Bankers, New York, N. Y., will receive a fee of \$37,500 and Emanuel, Deetjen & Co., of New York, N. Y., will receive a fee of \$12,500. All of these fees will be paid by Avco Manufacturing Corporation which, until the consummation of the aforesaid sale of assets, will be the largest stockholder of Consolidated Vultee Aircraft Corporation and which thereafter will own at least 25% of the outstanding stock of Nashville and may be its largest stockholder. Mr. Victor Emanuel is a limited partner of Emanuel, Deetjen & Co. and Mr. Rudolph H. Deetjen is a general partner in that firm. Mr. Emanuel will not participate in any portion of the fee paid to Emanuel, Deetjen & Co. Mr. John D. Hertz is a partner in the firm of Lehman Brothers, and Mr. Joseph H. Rosenberg and Mr. Francis A. Callery are associated with that firm.

Except in so far as the election as a director, or the ownership of securities by each director, officer or associate may be deemed to create an interest or except as otherwise set forth herein, no director, officer or associate has any interest, direct or indirect, in any matter to be acted upon at the meeting.



## HIGH AND LOW SALES PRICES OF CONSOLIDATED STOCK

	<u>High</u>	<u>Low</u>
1945—		
1st quarter .....	23	17¼
2nd quarter .....	26	18½
3rd quarter .....	25¼	18½
4th quarter .....	35¼	21¾
1946—		
1st quarter .....	33⅝	26¾
2nd quarter .....	31½	23½
3rd quarter .....	23¾	17⅞
4th quarter .....	22	14¾
1947—		
1st quarter .....	17⅞	14⅞
2nd quarter .....	17⅝	10⅝
3rd quarter .....	15	10½

## TAX ASPECTS OF TRANSACTION

In view of the varying holdings of the Bureau of Internal Revenue and of the courts on the taxability to stockholders of transactions similar to the transactions to be voted on at the Special Meeting of Stockholders, Consolidated cannot forecast whether and to what extent the proposed transactions will be taxable to stockholders of Consolidated who exercise or sell their Warrants. Accordingly, stockholders of Consolidated will be expected and are advised to take their own counsel on these matters and vote their shares at the stockholders' meeting either for or against the proposed transactions with the possibility that the decision of the Bureau of Internal Revenue may be that the proposed transactions are taxable to stockholders of Consolidated. Neither Consolidated nor its counsel makes any representation or gives any assurance that as to such stockholders no gain or loss will be recognized. Of course, stockholders of Consolidated who neither exercise nor sell their rights to subscribe for Nashville stock will have no tax problem.

## EXPENSES AND METHOD OF PROXY SOLICITATION

The accompanying Proxy is solicited by and on behalf of the management of Consolidated and the entire expense of preparing, assembling, printing and mailing the form of Proxy and the material used in the solicitation of the Proxies will be paid by Consolidated. In addition to the solicitation of Proxies by the use of the mails, Consolidated will retain Georgeson & Co., 52 Wall Street, New York, N. Y., assisted by approximately 50 persons for limited periods to aid in solicitation of Proxies. For all of these services Consolidated will pay a fee, plus out-of-pocket expenses and disbursements incurred in such solicitation, all of which together with printing and other miscellaneous expenses are estimated in the aggregate at approximately \$8,000. These individuals will solicit Proxies by personal interview, mail, telephone and telegraph, and may request brokerage houses and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of the stock held of record by such persons.



## FINANCIAL INFORMATION

Attached hereto are certain financial statements with respect to Consolidated, Nashville and ACF-Brill as listed in the accompanying index to financial statements. Additional financial statements of Consolidated and of ACF-Brill are on file at the office of the Securities and Exchange Commission, Philadelphia, Pennsylvania, and at the office of the New York Stock Exchange and, in the case of Consolidated, at the office of the San Francisco Stock Exchange.

## CONCLUSION

The only items of business which the management intends to present, or is informed that others intend to present, to this Special Meeting of Stockholders are those set forth herein. However, if any other matters properly come before the meeting for action, it is the intention of the persons named in the Proxy to vote pursuant to such Proxy in accordance with their judgment on such matters.

In accordance with the By-Laws of Consolidated, the Board of Directors has fixed 3:00 o'clock P. M., Eastern Standard Time, October 14, 1947, as the record date for determining stockholders entitled to notice of and to vote at the aforesaid Special Meeting of Stockholders, or any adjournment or adjournments thereof, and only stockholders of record at said time and date are entitled to notice of and to vote at said meeting. The transfer books of Consolidated will not be closed.

By Order of the Board of Directors

## CONSOLIDATED VULTEE AIRCRAFT CORPORATION

IRVING B. BABCOCK,  
*Chairman of the Board.*

HARRY WOODHEAD,  
*President.*

Dated at San Diego, California  
October 16, 1947.



## EXHIBIT A

### AGREEMENT OF SALE

THIS AGREEMENT dated the 3rd day of October, 1947 by and between CONSOLIDATED VULTEE AIRCRAFT CORPORATION (hereinafter called "Consolidated"), THE NASHVILLE CORPORATION (hereinafter called "Nashville") and AVCO MANUFACTURING CORPORATION (hereinafter called "Avco");

#### WITNESSETH:

WHEREAS, Consolidated is engaged primarily in the manufacture of aircraft, but the owner of certain property and assets not related to aircraft manufacturing, which are more fully described in Article 1, and desires to sell and dispose of the same pursuant to a plan which will afford to all its stockholders the opportunity to retain their relative interests in the same; and

WHEREAS, Nashville desires to purchase all of said assets and in payment therefor to issue shares of its Common Stock and assume the liabilities of the Nashville Division of Consolidated, all as hereinafter set forth; and

WHEREAS, Avco desires to withdraw from the field of aircraft manufacture and to maintain its relative interest in the assets being sold to Nashville, and thereafter to play an active part in the management of Nashville and of ACF-Brill Motors Company;

NOW, THEREFORE, the parties hereto agree as follows:

1. Consolidated will, not later than November 30, 1947, unless a later date is mutually agreed upon between the parties hereto, and following the approval of the sale of said assets to Nashville by the holders of at least 50% of the issued and outstanding Common Stock of Consolidated at a Special Meeting of Stockholders to be called for the purpose of securing such approval, and providing that no event shall have occurred between the date of this Agreement and the transfer of the assets hereunder which shall make it inadvisable, in the opinion of the Boards of Directors of Consolidated or of Nashville, to consummate the transaction, sell, assign, transfer, set over and convey to Nashville all of its right, title and interest in and to the following:

(a) 458,849 shares of the Common Stock of ACF-Brill Motors Company and 160,464.5 Warrants to Subscribe to Common Stock of ACF-Brill Motors Company, and 15,500 shares of Common Stock and 1,650 shares of Adjustment Stock of Eastern Massachusetts Street Railway Company. The transfer of said shares of Common Stock of ACF-Brill Motors Company shall be subject to outstanding options to purchase in the aggregate 16,500 shares of such stock previously granted by Consolidated to eight officers and supervisory executives of ACF-Brill Motors Company and Hall-Scott Motor Car Company. All of the stock certificates so to be transferred shall be stamped, endorsed and in transferable form.

(b) The leasehold interest now owned by Consolidated in property adjacent to the Nashville Municipal Airport, including the Guest House of Consolidated, and all other rights under existing agreements between Consolidated and the City of Nashville, Tennessee, and all of the buildings and plant in the vicinity of the Nashville Municipal Airport, Nashville, Tennessee, together with all machines, leasehold equipment and all other property, real, personal or mixed, situated in or about said plant, or used in connection therewith, owned by Consolidated as of the closing date hereunder.

(c) All accounts and bills receivable and cash on hand and in banks of Consolidated's Nashville Division as shown by balance sheet of the Division at date of closing, also all inventories consisting of, but not being limited to, raw materials, work in process, tools, jigs, dies, fixtures, finished inventory and operating supplies owned by Consolidated as of the closing date, which were purchased by Consolidated for use in connection with the manufacture for its own account, or as a sub-contractor, of gas or electric ranges, frozen food storage cabinets, buses or motor coaches, and component parts



of all of the foregoing, irrespective of where such items are located and whether in transit or otherwise.

(d) All of the rights, privileges, title and interest of Consolidated under any leases, contracts, agreements, deeds, bills of sale, patents, trade marks, inventions or designs, or other instruments of title or right relating to any of the property or assets described in Article 1 hereof, or the land on which the same are situated, or in connection with the manufacture and sale of gas or electric stoves, frozen food storage cabinets, buses or motor coaches, or the component parts of any of the foregoing.

(e) An amount of cash in addition to the cash on hand and in banks of Nashville Division at date of closing hereunder equal to the amount by which the net book value of the Nashville Division as of the closing date hereunder is less than \$11,302,506. For the purposes of this computation net book value shall mean the net book value of the assets, less applicable reserves and less liabilities, as determined by Arthur Young & Company, Independent Public Accountants, from the books of the Nashville Division, in accordance with generally accepted principles of accounting. In such determination no value is to be placed upon the fully amortized Emergency Plant Facilities owned by Nashville Division, but said Emergency Plant Facilities are included in the assets transferred under this Article 1.

The closing date may be extended by mutual consent of the parties hereto.

2. As and for the purchase price for all of the property and assets, of whatsoever nature and kind, described in Article 1 hereof, Nashville will:

(a) Assume all of the obligations, commitments and liabilities of Consolidated as of the closing date hereunder, including obligations under leases, contracts or agreements relating to any of the property or assets described in Article 1 hereof, or the land on which it is situated, or arising out of contracts or purchase orders received and accepted by Consolidated in connection with Nashville operations, including any guarantees, warranties or representations in connection therewith.

(b) Assign, set over and deliver to Consolidated 820,834 shares of Common Stock of the par value of \$1 per share of Nashville, which will constitute all of the then outstanding stock of Nashville.

(c) Pay to Consolidated cash in an amount by which the net book value, determined as aforesaid, of the Nashville Division as of the closing date hereunder is greater than \$11,302,506.

3. Consolidated and Nashville mutually agree that all computations of the amounts to be paid under Article 1, paragraph (e), and Article 2, paragraph (c) hereunder, shall in all cases be subject to determination by Arthur Young & Company, who shall be the sole arbiter in such matters, and Nashville and Consolidated each hereby agree to accept the decision of Arthur Young & Company in full and complete release of the other party in connection with amounts of cash to be paid by either party under the aforesaid paragraphs.

4. The shares of Common Stock of Nashville to be issued to Consolidated by Nashville in accordance with Article 2, paragraph (b) hereof, shall be issued in such name or names as Consolidated shall specify and shall be full paid and non-assessable, and Consolidated shall, upon receipt of such shares, deliver such deeds, bills of sale and other instruments of title and right in form satisfactory to counsel for Nashville, transferring all of the property and assets of whatsoever nature and kind, including securities being purchased by Nashville hereunder. Any cash due from Nashville to Consolidated in accordance with Article 2, paragraph (c) hereof or any cash due from Consolidated to Nashville in accordance with Article 1, paragraph (e) hereof, shall be paid to the respective parties within ten days after Arthur Young & Company shall make its final determination of any sums due and owing to either of the respective parties from the other party hereto.

5. The securities of ACF-Brill Motors Company and Eastern Massachusetts Street Railway Company which are being purchased by Nashville from Consolidated will be purchased for investment and not with a view to public distribution, except that 16,500 shares of Common Stock of ACF-Brill Motors Company so to be purchased are subject to presently outstanding options to purchase



the same, heretofore granted by Consolidated to certain officers and supervisory executives of ACF-Brill Motors Company and Hall-Scott Motor Car Company.

6. Consolidated agrees that, except as the parties may mutually agree, there will be no change in the assets to be transferred to Nashville or in the liabilities to be assumed by Nashville, or in the general financial condition of the Nashville Division, between the date of this Agreement and the closing date hereunder, other than such changes as may arise in the normal course of business, and that it will not enter into any contracts or commitments for its Nashville Division except such as arise in the normal course of business.

7. Consolidated agrees that the 820,834 shares of Common Stock of Nashville to be received by it as aforesaid from Nashville will be offered to stockholders of Consolidated for purchase by them at the Subscription Price, hereinafter described, as soon as possible after this Agreement of Sale is consummated and a Registration Statement under the Securities Act of 1933 with respect to said shares has become effective. Consolidated agrees that each stockholder of record of Consolidated, on a date to be determined, will be issued a Subscription Warrant entitling him, or his assigns, to make a Firm Subscription for 2 shares (but not less than 2 shares) of Nashville stock for each 4 shares of Consolidated stock owned by him. The Subscription Price of said 2 shares of Nashville stock will be 1 share of Consolidated stock and \$18 in cash. In addition to the right to make such Firm Subscription, each such Subscription Warrant to be issued by Consolidated will entitle the holder, or his assigns, to make a Contingent Subscription for as many additional shares of Common Stock of Nashville as he may desire to purchase from among those shares, if any, which are subject to purchase but are not purchased pursuant to the exercise of Firm Subscription Rights, together with an additional 35,702 shares of Nashville to be owned by Consolidated, which Contingent Subscription will be exercisable at the same Subscription Price, i.e. 1 share of Consolidated Common Stock and \$18 in cash for each 2 shares (but not less than 2 shares) of Nashville Common Stock contingently subscribed for. Consolidated agrees that it will not accept cash in lieu of the 1 share of Consolidated stock required as part of the Subscription Price.

8. Consolidated and Nashville agree that in the event this Agreement of Sale is approved by Consolidated stockholders and the aforesaid assets are transferred thereunder by Consolidated to Nashville and if thereafter the Registration Statement under the Securities Act of 1933 with respect to said 820,834 shares of Common Stock of Nashville shall not have become effective by November 10, 1947, or such other date, not later than November 30, 1947 as Consolidated may specify, or after November 30, 1947 as all of the parties hereto may mutually agree upon, then either Consolidated or Avco upon written notice to the other parties hereto shall have the right to rescind this Agreement and upon Consolidated's request and upon the delivery to Consolidated of the assets and securities transferred by Consolidated to Nashville, Consolidated will re-deliver to Nashville all of the shares of Nashville Common Stock issued to Consolidated hereunder, plus the cash, if any, paid by Nashville to Consolidated under Article 2, paragraph (c) hereof and reassume all the obligations and liabilities of the Nashville Division as of the closing date hereunder, and all the obligations and liabilities of Consolidated and Nashville to each other hereunder shall cease.

9. Avco agrees that it will make a Firm Subscription for its pro rata share of Nashville stock, which it will be entitled to purchase by virtue of its ownership of 410,417 shares of Consolidated, and will not make a Contingent Subscription to any additional shares of Nashville stock, thereby giving other Consolidated stockholders the first right and privilege of making such Contingent Subscriptions, if they desire so to do. Avco agrees, however, to purchase at the same Subscription Price, immediately after the expiration of the Subscription Period, all of the Nashville stock offered to other stockholders of Consolidated and not subscribed for by them, either pursuant to Firm Subscriptions or Contingent Subscriptions, and Consolidated agrees to sell the balance of said shares to Avco.

10. Avco agrees that in the event this Agreement shall become effective and the aforesaid shares of Nashville shall be offered to stockholders of Consolidated for purchase as aforesaid, that it will,



at an opportune time after the expiration of the Subscription Period, market conditions permitting, and provided a reasonable price can be obtained therefor, dispose of any remaining shares of Consolidated which it may then own, and that it will participate actively in the management of Nashville and of ACF-Brill Motors Company.

11. Consolidated agrees that in the event Avco shall be advised by its counsel that the registration of any shares of Consolidated stock owned by Avco, after the expiration of the Subscription Period, under the Securities Act of 1933 is required prior to the sale of such shares by Avco, it will, upon Avco's request, cause a Registration Statement to be prepared and filed under the Securities Act of 1933 covering all of said shares, and Avco agrees that it will reimburse Consolidated for all of the expenses incurred by Consolidated in such preparation, including expenses for printing, registration fee, legal fees, accounting fees, and all other expenses reasonably applicable thereto. If Consolidated at Avco's request registers under the Securities Act of 1933 any shares of Consolidated owned by Avco in order to permit Avco to make a public distribution of the same, Avco shall in such event indemnify the officers and directors of Consolidated who may sign said Registration Statement to the same extent as Consolidated has herein agreed to indemnify the officers and directors of Nashville under Article 14 hereof.

12. Avco agrees that upon this Agreement of Sale becoming effective it will deliver to Consolidated the resignations of Messrs. George E. Allen, Irving B. Babcock, Neal Dow Becker, C. Coburn Darling, Victor Emanuel, R. S. Pruitt, Francis A. Callery, J. Mason Houghland and Rudolph H. Deetjen as directors of Consolidated, and the resignation of Mr. Irving B. Babcock as Chairman of the Board of Directors of Consolidated.

13. Consolidated and Nashville agree that this Agreement shall not become effective and binding upon any of the parties hereto unless (a) the holders of at least 50% of the outstanding stock of Consolidated vote in favor of the adoption of the Agreement at the Special Meeting of Stockholders to be held on November 6, 1947, or any adjournment or adjournments thereof, and (b) no developments not now anticipated shall occur between the date of the Agreement of Sale and the sale of assets making it inadvisable to consummate the transaction. In the event that both of the foregoing conditions are not fulfilled, either party may abandon the proposed sale of assets and all rights and obligations of the parties hereunder shall be void.

14. Consolidated hereby requests that Nashville file a Registration Statement on Form S-1 and accompanying Prospectus under the Securities Act of 1933, and Nashville agrees to file such Registration Statement and Prospectus, registering 820,834 shares of the Common Stock of Nashville to be acquired by Consolidated, and which Consolidated proposes to offer to its stockholders for purchase by them. In connection with such Registration Statement and Prospectus, Consolidated agrees to furnish to Nashville any necessary information with respect to it that may be required to be incorporated in such Registration Statement and Prospectus, and will use its best efforts to secure from ACF-Brill Motors Company such information with respect to that corporation as may likewise be so required. Consolidated hereby authorizes Nashville to make any necessary reference in such Registration Statement and Prospectus to indicate where applicable that information has been supplied by Consolidated.

Consolidated agrees that Nashville and any director thereof and any officer who may sign the Registration Statement covering the 820,834 shares shall not be held responsible by Consolidated in the event said Registration Statement shall not become effective through any deficiency in information required to be furnished by Consolidated. Consolidated hereby agrees to indemnify and hold harmless Nashville and its directors and such officers as shall have signed the Registration Statement from and against any and all losses, claims, damages, or liabilities, joint or several, to which Nashville or its directors or such officers may become subject under the Securities Act or any other statute, at Common Law or otherwise, and will reimburse Nashville, its directors and such officers for any legal or other expenses (including the cost of any investigation and preparation) reasonably



incurred by it, or them or any of them, in connection with any litigation, whether or not resulting in any liability, in so far as such losses, claims, damages, liability or litigation arise out of or are based upon any untrue or alleged untrue statement of a material fact in respect to Consolidated contained in the Registration Statement or Prospectus, or arise out of, or are based upon, the omission or alleged omission to state therein a material fact in respect to Consolidated required to be stated therein or necessary to make the statements therein not misleading. Nashville agrees that in the Registration Statement and Prospectus it will make no statement in respect to Consolidated which is not furnished by Consolidated, or to which objection has been made by Consolidated, and will include therein all statements in respect to Consolidated furnished to it by Consolidated for that purpose. Consolidated shall not be liable to Nashville, its directors, or officers, for amounts paid in settlement of any such litigation if such settlement was effected without its consent. If and when Nashville or any of its directors or any of such officers shall have been made defendant in any such litigation in respect of which indemnity may be sought from Consolidated on account of its agreement contained in this paragraph and shall have been served with a complaint in such litigation, the one so served shall, within 10 days after the complaint shall have been served upon him or it, notify Consolidated in writing of the commencement thereof. The omission of Nashville or of such director or such officer so to notify Consolidated of any such litigation shall relieve Consolidated from any liability which it may have to Nashville or such director or such officer failing to give such notice on account of the indemnity agreement contained in this paragraph. In case any such litigation shall be brought against Nashville or any of its directors or any such officer and notice of the commencement thereof shall have been so given to Consolidated, from which indemnity is claimed under this paragraph, Consolidated shall be entitled to participate in the defense thereof at its own expense. If and when Nashville or any of its directors or any such officers shall have been made defendant in any litigation in respect of which the sole issue shall be the alleged liability which is the subject of indemnity hereunder, then Consolidated shall be entitled to participate in (and, to the extent that it shall wish to, direct) the defense thereof at its own expense and through its own counsel. Consolidated agrees to notify Nashville within 10 days after the commencement of any litigation or proceeding against it or any of its officers, partners or directors, of which it may be advised in connection with the sale of the aforesaid shares of Common Stock.

Nashville agrees that it will make generally available to its security holders, and will deliver to Consolidated as promptly as possible, and in any event not later than March 15, 1949 an earnings statement covering a period of at least 12 months commencing after the effective date of the Registration Statement.

15. Avco agrees that it will not trade in or otherwise dispose of the Subscription Warrants to be issued to it as a stockholder of Consolidated, except that it will make a Firm Subscription for the shares of stock of Nashville which it will be entitled to purchase as a stockholder of Consolidated.

16. Avco agrees that prior to making any public offering by or through an underwriter of such of the 820,834 shares of Common Stock of Nashville as may be purchased by it pursuant to this Agreement, it will advise Nashville and will not make such offering until a Post-Effective Amendment to the Registration Statement covering the aforesaid 820,834 shares of Nashville has been filed by Nashville and shall become effective, and Avco has agreed to reimburse Nashville for all of its expenses in connection with the preparation and filing of said Registration Statement, and will indemnify such of the officers and directors of Nashville who may sign said Registration Statement, to the same extent as Consolidated has herein agreed to indemnify the officers and directors of Nashville under Article 14 hereof. Nashville agrees that at the request of Avco it will cause a Registration Statement to be prepared and filed under the Securities Act of 1933 covering all of said shares, upon the execution by Avco of the aforementioned Indemnity Agreement.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be hereunto affixed and duly attested as of the day and year first above written.

## CONSOLIDATED VULTEE AIRCRAFT CORPORATION

By I. M. LADDON  
*Executive Vice President*

Attest:

W. M. SHANAHAN  
*Secretary*

## THE NASHVILLE CORPORATION

By IRVING B. BABCOCK  
*President*

Attest:

R. S. PRUITT  
*Secretary*

## AVCO MANUFACTURING CORPORATION

By VICTOR EMANUEL  
*Chairman of the Board*

Attest:

R. S. PRUITT  
*Secretary*



EXHIBIT B

October 3, 1947.

Board of Directors,  
Consolidated Vultee Aircraft Corporation,  
San Diego, California.

Gentlemen:

At your request we have made a study of the business and properties of Consolidated Vultee Aircraft Corporation for the purpose of advising you as to the desirability of the sale of the Common Stock of The Nashville Corporation, a wholly-owned subsidiary, which has been organized to purchase from Consolidated Vultee Aircraft Corporation its assets not related to aircraft manufacturing, the same being now classified as Nashville Division of Consolidated, stock and Warrants of ACF-Brill Motors Company and securities of Eastern Massachusetts Street Railway Company now owned by Consolidated. It is our understanding that The Nashville Corporation will, subject to the cash adjustment provided for in the Agreement of Sale, assume all of the liabilities and commitments of Consolidated's Nashville Division and issue 820,834 shares of its Common Stock in payment for the assets so to be acquired, and that Consolidated will thereafter offer the Nashville stock for subscription to its own stockholders.

Our examination included inspection of the plants and interviews with executive and operating personnel of Consolidated Vultee Aircraft Corporation and study of financial, operating, and other data furnished to us by the Corporation, including data concerning Nashville plant operations.

We also examined the plants and organization of ACF-Brill Motors Company, its earnings as reported, its earning power, its investment in owned plants, its total assets and liabilities, its business in hand, type and range of its products, its sales possibilities, nature of its capital structure and market values of its stock and warrants, the market value of Eastern Massachusetts Street Railway Company stocks, original cost and present book value of the Nashville plant, and the relationships between gross and net book values of the Nashville plant to the total gross and net values of the remaining plants of Consolidated.

Our conclusions are based upon the information thus obtained and upon our experience of many years in examining and reporting upon industrial enterprises, including several of the more important aircraft manufacturing companies.

At the end of the war, Consolidated had accumulated more working capital than its directors believed would be needed in the aircraft business and had excess aircraft manufacturing facilities. Decision was made to diversify its business by the purchase of a substantial interest in ACF-Brill Motors Company and by converting the Nashville plant to the manufacture of ranges and deep freeze units for Crosley Division of Avco Manufacturing Corporation and of buses for ACF-Brill Motors Company.

As of July 31, 1947 conversion of the Nashville plant has cost the Corporation about \$2,500,000 for equipment and facilities. As of the same date inventories at Nashville carried at lower of cost or market aggregated \$6,737,734. Shortage of raw material, particularly steel, has seriously handi-



capped the Nashville operation and has been a large factor in causing the losses which this plant has suffered since starting operation on its new manufacturing program. While some improvement is expected in steel supplies in 1948, the management has been unable to get any assurance of deliveries which would make it possible to operate the plant at its full capacity. In its commercial airplane program, the Corporation has met unanticipated difficulties and delays in the development and production of its Model 240 Convair Airliner, and has already suffered large losses.

Since the end of the war, the entire aviation industry has suffered severely through cancellation of military contracts and difficulties in converting to normal peacetime manufacture with radically reduced production. Other aircraft corporations have encountered problems similar to those of Consolidated and need for additional working capital has become in some cases acute. The management of Consolidated has concluded that it is wise to devote the Corporation's entire resources to the aircraft business, and has accordingly recommended to stockholders the sale of The Nashville Corporation, which will own substantially all of the Corporation's assets which are not necessary or useful in the aircraft business. In this way, substantial additional working capital will become available for the aircraft program, and managerial effort can be concentrated.

In our opinion the segregation of Consolidated's assets not related to its primary business of aircraft manufacturing, the transfer of the same to The Nashville Corporation and the proposed sale of The Nashville Corporation stock is desirable for Consolidated and in furtherance of the best interests of the Corporation. We have also examined the Proxy Statement which you have prepared for use in connection with your Special Stockholders' Meeting to be held November 6, 1947, at which this proposed transaction will be submitted to your stockholders for approval, and the Agreement of October 3, 1947 between Consolidated Vultee Aircraft Corporation, Avco Manufacturing Corporation and The Nashville Corporation. We have noted particularly the terms and conditions under which the stock of The Nashville Corporation is to be offered for sale to your stockholders, as set forth in said Agreement and the Proxy Statement. The Plan of Sale affords each stockholder the opportunity to purchase upon the same terms and conditions his pro rata share of the Nashville stock, thereby maintaining his relative interest in the assets which are to be segregated, or to increase his interest by purchasing additional stock if he desires to do so. In our opinion, the offering and sale of the Nashville stock upon these terms and conditions is fair to the stockholders of your corporation.

Very truly yours,

SANDERSON & PORTER.



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<p>Financial statements of Consolidated Vultee Aircraft Corporation (parent company only) are omitted because the Company's total assets (exclusive of investments in and advances to its consolidated subsidiary) constitute more than 85% of the total consolidated assets at July 31, 1947 and the Company's total gross revenues (exclusive of interest and dividends received from its consolidated subsidiary) constitute more than 85% of the total consolidated gross revenues for each of the periods under review.</p>	
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<p>Statements of income of Nashville Division for prior periods are not submitted because such data are not considered pertinent to the proposed operations of The Nashville Corporation. While Nashville Division realized substantial profits during the years 1942 through 1945, substantially all of its net sales and net income during such years resulted from war business (manufacture of military aircraft) which was terminated in 1945.</p>	
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CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
AND  
CONSOLIDATED SUBSIDIARY

**CERTIFICATE OF INDEPENDENT PUBLIC ACCOUNTANTS**

AT JULY 31, 1947

ASSETS

To the Board of Directors,

Consolidated Vultee Aircraft Corporation:

We have examined the consolidated balance sheet of Consolidated Vultee Aircraft Corporation and Consolidated Subsidiary at July 31, 1947 and the statements of consolidated income, surplus and supplementary profit and loss information for the three years and eight months then ended. In connection therewith we reviewed the system of internal control and the accounting procedures of the Companies and, without making a detailed audit of the transactions, examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate. It was not practicable to confirm receivables from the United States Government, as to the substantial accuracy of which we satisfied ourselves by other means. The amount at which inventories are stated at July 31, 1947 is based primarily on book cost records as it was not practicable to take extensive physical inventories at such interim date. Based on our review of the book inventory records and physical counts which we made of a limited portion of the inventories, as of July 31, 1947, together with the examination of the inventories at the close of the previous fiscal year, made by us in accordance with generally accepted auditing standards, we are satisfied that the inventories are fairly stated on the basis explained in Note 4 to the financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, subject to the possibility of additional loss contingent on the future outcome of the Convair-Liner project and consequently not now determinable, as explained in Note 4 to the financial statements, the accompanying financial statements present fairly the position of Consolidated Vultee Aircraft Corporation and Consolidated Subsidiary at July 31, 1947 and the results of their operations for the three years and eight months then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

ARTHUR YOUNG & COMPANY

Los Angeles, California  
October 3, 1947.



**CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
AND  
CONSOLIDATED SUBSIDIARY**

**CONSOLIDATED BALANCE SHEET**

At July 31, 1947

**ASSETS**

**Current Assets:**

Cash .....		\$ 3,942,885
Accounts receivable—trade (including \$1,807,123 due from the United States Government, \$454,340 due from ACF-Brill Motors Company and \$470,755 due from Avco Manufacturing Corporation) .....		3,666,835
Claims under terminated contracts receivable from the United States Government.....		678,996
Unreimbursed expenditures under cost-plus-fixed-fee contracts (Note 2).....		9,968,848
Claims for Federal income and excess profits tax refunds and renegotiation rebates (Note 3) .....		13,385,432
Inventories (Note 4):		
Finished goods .....	\$ 199,612	
Work in process.....	20,179,035	
Materials, parts and supplies.....	9,939,219	
	\$30,317,866	
Less: Progress payments received.....	5,006,618	25,311,248
Advances to vendors.....		721,225
Total current assets.....		\$57,675,469

**Non-Current Claims for Federal Income and Excess Profits Tax Refunds and Renegotiation Rebates (Note 3).....**

7,648,704

**Investments (Note 5):**

Securities of subsidiaries not consolidated.....	\$ 7,602,794	
Other security investments, at cost.....	257,201	7,859,995

**Property, Plant and Equipment, at Cost (Note 6).....**

\$32,694,203

**Less: Reserves for depreciation and amortization (Note 6).....**

25,437,770

7,256,433

**Deferred Charges (prepaid insurance, taxes, etc.).....**

615,401

\$81,056,002

**LIABILITIES, CAPITAL STOCK AND SURPLUS**

**Current Liabilities:**

Notes payable to banks (Note 7).....	\$ 8,000,000
Accounts and wages payable.....	7,499,349
Customers' deposits on sales contracts.....	7,792,500
Accrued taxes (other than Federal income taxes).....	646,532
Reserve for loss on commercial airplane production project (Note 4).....	6,200,000
Total current liabilities.....	\$30,138,381

**Common Stock—par value \$1 per share:**

Authorized—2,400,000 shares	
Issued and outstanding—1,570,266 shares.....	1,570,266
Reserved for options to officers and supervisory executives (Note 8)—88,750 shares	

**Paid-in Surplus (per accompanying statement).....**

14,161,384

**Earned Surplus Segregated for Possible Loss in 1948 on Convair Liner Project (Note 4)**

4,000,000

**Earned Surplus (per accompanying statement) (Notes 4 and 9).....**

31,185,971

\$81,056,002

Reference is made to the accompanying notes and to the pro forma balance sheet on page 37 hereof which shows the effect of consummation of the proposed transactions which are the subject of this Proxy Statement.



**CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
AND  
CONSOLIDATED SUBSIDIARY**

**STATEMENTS OF CONSOLIDATED INCOME**  
For the three years and eight months ended July 31, 1947

	Year Ended November 30,			Eight Months Ended July 31, 1947
	1944	1945	1946	
<b>Net Sales</b> (After deduction of renegotiation refund for 1944) (Notes 2, 10 and 11).....	\$958,427,461	\$645,408,302	\$13,705,771	\$ 25,810,295
<b>Wages, Materials and Other Costs</b> (Note 4).....	\$861,401,691	\$593,811,160	\$16,219,730	\$ 39,467,139
<b>General Administrative and Selling Expenses</b> .....	33,216,049	23,715,000	6,671,976	4,275,679
<b>Provision for loss on commercial airplane production project</b> (Note 4) .....	—	—	—	6,200,000
	\$894,617,740	\$617,526,160	\$22,891,706	\$ 49,942,818
	\$ 63,809,721	\$ 27,882,142	\$(9,185,935)	\$(24,132,523)
<b>Other Income:</b>				
Interest earned .....	\$ 312,897	\$ 99,086	\$ 122,790	\$ 11,101
Miscellaneous .....	40,982	74,434	23,133	52,426
	\$ 353,879	\$ 173,520	\$ 145,923	\$ 63,527
	\$ 64,163,600	\$ 28,055,662	\$(9,040,012)	\$(24,068,996)
<b>Income Deductions:</b>				
Interest expense .....	\$ 1,977,713	\$ 1,510,789	\$ 70,821	\$ 211,404
Loss (profit) on sale and retirement of fixed assets.....	358,340	553,477	5,203	(60,944)
	\$ 2,336,053	\$ 2,064,266	\$ 76,024	\$ 150,460
	\$ 61,827,547	\$ 25,991,396	\$(9,116,036)	\$(24,219,456)
<b>Provision for Federal Income and Excess Profits Taxes:</b>				
Normal income tax and surtax.....	\$ 1,000,000	\$ 1,500,000	\$ —	\$ —
Excess profits tax (less applicable credits).....	43,612,763	17,603,214	—	—
	\$ 44,612,763	\$ 19,103,214	\$ —	\$ —
<b>Income (Loss) before recovery of Federal taxes based on income</b> .....	\$ 17,214,784	\$ 6,888,182	\$(9,116,036)	\$(24,219,456)
<b>Estimated Recovery of Federal Income and Excess Profits Taxes Resulting from Carry-back of Operating Loss</b> (Note 3) .....	—	—	6,340,417	18,000,000
<b>Net Income (Loss)</b> (Notes 4, 9, 10 and 11).....	\$ 17,214,784	\$ 6,888,182	\$(2,775,619)	\$ (6,219,456)

Reference is made to the accompanying notes and statement of supplementary profit and loss information.



**CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
AND  
CONSOLIDATED SUBSIDIARY**

**STATEMENT OF CONSOLIDATED PAID-IN SURPLUS  
For the three years and eight months ended July 31, 1947**

Balance, November 30, 1943.....		\$ 6,866,140
Add (Deduct):		
Adjustments applicable to Vultee Aircraft, Inc. prior to merger:		
Collections under escalator clauses for the fiscal year 1941.....	\$ 1,473,362	
Additional post-war refund of excess profits tax for the fiscal year 1942.....	325,420	
Reversal of reserve for post-war readjustment provided in fiscal year 1942.....	1,700,000	
Adjustment of provision for Federal income and excess profits taxes—fiscal year 1942 and four months ended March 31, 1943.....	846,122	
Net adjustment resulting from renegotiation settlement for the four months ended March 31, 1943.....	(524,861)	3,820,043
Balance, November 30, 1943, as adjusted.....		\$10,686,183
No change during year ended November 30, 1944.....		—
Balance, November 30, 1944.....		\$10,686,183
Excess of stated value of 65 shares of preferred stock converted over par value of 73 shares of common stock issued in exchange.....		1,379
Balance, November 30, 1945.....		\$10,687,562
Excess of stated value of 163,776 shares of preferred stock converted over par value of 184,248 shares of common stock issued in exchange.....		3,473,822
Balance, November 30, 1946 and July 31, 1947.....		<u>\$14,161,384</u>



**CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
AND  
CONSOLIDATED SUBSIDIARY**

**STATEMENT OF CONSOLIDATED EARNED SURPLUS  
For the three years and eight months ended July 31, 1947**

Balance, November 30, 1943.....		\$25,973,149
Add (Deduct):		
Reversal of 1942 accrual of royalty (\$277,607) less related Federal income and excess profits tax (\$199,877).....	\$ 77,730	
Additional post-war refund of excess profits tax for fiscal year 1942.....	824,260	
Reduction in net income resulting from renegotiation settlement and retroactive price adjustments for fiscal year 1943.....	(8,070,881)	
Reversal of reserve for post-war readjustment provided in fiscal years 1942 and 1943..	10,800,000	
Reversal of reserve for contract guarantees provided in prior years.....	600,000	
Accelerated amortization of emergency facilities applicable to fiscal years 1940 to 1943, inclusive (\$1,340,210) less related claims for Federal tax refunds and renegotiation rebates (\$1,163,915).....	(176,295)	4,054,814
Balance, November 30, 1943, as adjusted.....		\$30,027,963
Add:		
Net income for year ended November 30, 1944 (see statements of consolidated income)		17,214,784
		\$47,242,747
Deduct:		
Dividends paid (in cash):		
Preferred stock—\$1.25 per share.....	\$ 233,909	
Common stock—\$2.00 per share.....	2,771,195	
	\$ 3,005,104	
Excess of cost of 26,900 shares of preferred stock purchased for retirement over stated value .....	1,473	3,006,577
Balance, November 30, 1944.....		\$44,236,170
Add:		
Net income for year ended November 30, 1945 (see statements of consolidated income)		6,888,182
		\$51,124,352
Deduct:		
Dividends paid (in cash):		
Preferred stock—\$1.25 per share.....	\$ 213,529	
Common stock—\$2.00 per share.....	2,772,028	
	\$ 2,985,557	
Excess of cost of 8,365 shares of preferred stock purchased for retirement over stated value .....	34,353	3,019,910
Balance, November 30, 1945.....		\$48,104,442
Deduct:		
Net loss for year ended November 30, 1946 (see statements of consolidated income)..	\$ 2,775,619	
Dividends paid (in cash) on common stock—\$2.00 per share.....	3,107,021	
Excess of cost of 5,713 shares of preferred stock purchased for retirement over stated value .....	31,288	5,913,928
Balance, November 30, 1946.....		\$42,190,514
Deduct:		
Net loss for eight months ended July 31, 1947 (see statements of consolidated income)	\$ 6,219,456	
Dividends paid (in cash) on common stock—\$0.50 per share.....	785,087	7,004,543
		\$35,185,971
Less:		
Amount segregated to provide for possible loss in 1948 on Convair Liner Project (Note 4) .....		4,000,000
Balance, July 31, 1947 (Notes 4 and 9).....		\$31,185,971

Reference is made to the accompanying notes.



**CONSOLIDATED VULTEE AIRCRAFT CORPORATION**  
**AND**  
**CONSOLIDATED SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1:**

The only subsidiary included in consolidation in the accompanying financial statements is Frontier Enterprises, Inc., which is wholly-owned by the Company. The Company's equity in the net assets of this subsidiary, based on the books of the latter, amounts to \$146,482, which is \$46,482 in excess of the amount at which its investment in this subsidiary is carried on the Company's books. This difference, representing the subsidiary's undistributed earnings from date of acquisition to July 31, 1947, has been included in earned surplus in consolidation.

**Note 2:**

Fees earned on cost-plus-fixed-fee contracts are included in income on the basis of deliveries, the aggregate estimated reimbursable cost plus the fee applicable to deliveries being included in sales. As a result of this method of accounting, expenditures to July 31, 1947 on cost-plus-fixed-fee contracts, amounting to approximately \$118,500,000, have not been included in sales and the fees collected thereon have not been included in income.

It is the general policy of the Company not to provide for possible disallowance of items charged to cost-plus-fixed-fee contracts unless anticipated disallowances on a contract basis exceed the amount of fees not taken into income. At July 31, 1947 fees collected and not taken into income exceeded the estimated possible disallowances by approximately \$1,000,000.

**Note 3:**

Claims for Federal income and excess profits tax refunds and renegotiation rebates include claims amounting to a net of \$3,034,136 which arise from retroactive price adjustments and other adjustments relating to renegotiation and contract settlements of prior years. There is also included under claims for Federal tax refunds the estimated recovery of prior year's income and excess profits taxes of \$18,000,000 resulting from carryback of operating loss for the eight months ended July 31, 1947. Of the total claims aggregating \$21,034,136, the amount expected to be collected during the next twelve months is included in current assets and the balance is carried as a non-current asset.

The estimated recovery of Federal income and excess profits taxes credited to the statements of consolidated income for the year ended November 30, 1946 and the eight months ended July 31, 1947 is of a non-recurring nature since any losses sustained by the Companies subsequent to 1947 will not, under present tax law, result in tax benefits except to the extent such losses may be offset against subsequent profits.

The Companies' liability for Federal income and excess profits taxes for the years 1942 to 1945, and the tax refunds received or receivable arising from carry-back of 1946 and 1947 losses, are reflected in the accompanying financial statements on the basis of the returns and refund claims filed or to be filed by the Companies. Such returns and claims are subject to examination by the Bureau of Internal Revenue, which is now in process of examining certain of such returns. It is the opinion of tax counsel for the Company, after review of the pertinent facts and circumstances existing as of this date, that while controversy may arise in connection with determination of the taxes for the years involved, the final settlement thereof should not result in substantial adjustment of the amounts reflected in the accompanying financial statements. In addition to the aforementioned claims, the Company has filed claims for refund of taxes under Sections 721 and 722 of the Internal Revenue Code for the years 1940 to 1942, inclusive. These latter claims are not reflected in the financial statements and it is impossible at this time to forecast final decision thereon.

**Note 4:**

Inventories of materials, parts and supplies are stated at the lower of average cost or replacement market. Work in process, in addition to labor, material and manufacturing costs, includes tooling and production engineering costs applicable to specific production contracts. The Company follows the policy of reducing work in process on any project to realizable market value when it is indicated that there will be a loss on the project. On this basis, the work in process applicable to Convair Liners (a new model twin engine 40 passenger airplane) has been written down in the amount of \$12,900,000 as of July 31, 1947, and is included in the balance sheet at \$8,475,115. In addition to this write-down, a reserve of \$6,200,000 has been provided in the accounts as of July 31, 1947 to cover the estimated additional write-down that will be required on production and development costs to be incurred on this project during the remaining four months of the current fiscal year. Development and experimental expenses on this project have been charged directly to income in the amounts of \$2,626,415 and \$2,557,855 for the fiscal year 1946 and the eight months ended July 31, 1947, respectively. Delays in the delivery of the Convair Liner under outstanding contracts beyond the delivery dates specified therein have occurred. In addition, such aircraft have not as yet met all the specifications called for by such contracts nor as yet received a certificate of airworthiness from the Civil Aeronautics Authority. While none of the purchasers have cancelled their contracts, it is possible that cancellations could occur. It is also possible that the Company might sell some of its plants, machinery and tools, uncompleted airplanes or other assets or the Convair Liner project or other projects now being manufactured or discontinue production of the same and, if any of such events occur prior to November 30, 1947, the losses sustained would increase the loss for the 1947 fiscal year. On the basis of the number of Convair Liners on order to date, it is presently estimated that there will be an additional loss of \$4,000,000 on this project, in addition to the aforementioned write-down and reserve. Earned surplus at July 31, 1947 has been segregated in respect of this possible loss. If cancellations occur or the Convair Liner project is sold in whole or in part or production discontinued, the aforementioned additional loss on this project might be materially increased. If, on the other hand, Convair Liners in addition to those now on order are delivered, the aforementioned additional loss might be reduced or eliminated. It should be recognized, in connection with the aforementioned amounts of \$6,200,000 in respect of write-down for the remaining four months of the current fiscal year and of \$4,000,000 in respect of possible additional losses,



## NOTES TO FINANCIAL STATEMENTS—(Continued)

that these figures are estimates which are to a considerable extent dependent on the extent of modification necessary to conform the aircraft to Civil Aeronautics Authority or customers' requirements and other factors not at present ascertainable.

The inventory balances, which have been used in the computation of cost of sales, were as follows at the beginning and end of each of the three years ended November 30, 1946, and the eight months period ended July 31, 1947:

At November 30, 1943.....	\$158,280,583
At November 30, 1944.....	129,503,184
At November 30, 1945.....	5,157,614
At November 30, 1946.....	23,212,022
At July 31, 1947.....	33,617,866

### Note 5:

In 1946 the Company acquired 458,849 shares of common stock representing approximately 48% of the total stock outstanding and 160,464 common stock subscription warrants representing approximately 57% of the total warrants outstanding of ACF-Brill Motors Company at a cost of \$7,569,473. The Company's proportionate interest in the consolidated net loss of ACF-Brill Motors Company amounted to \$416,449 for the latter's fiscal year ended December 31, 1946 and its equity in the consolidated net profit of ACF-Brill Motors Company for the eight months ended July 31, 1947 amounted to \$114,240. The cost of the common stock and warrants owned by the Company is \$3,189,608 in excess of the applicable equity in net assets based on the consolidated balance sheet of ACF-Brill Motors Company and Subsidiaries at July 31, 1947. The excess cost as of date of acquisition amounted to \$2,887,399. Financial statements of ACF-Brill Motors Company and ACF-Brill Motors Company and Subsidiaries for the three years and seven months ended July 31, 1947 are included elsewhere herein.

The market value of the Company's investment in ACF-Brill Motors Company common stock and warrants was \$4,427,362 at July 31, 1947, based on market quotations which are not necessarily the amounts realizable on immediate sale.

There are outstanding options granted on January 31, 1946 by the Company to certain officers and supervisory executives of ACF-Brill Motors Company and its subsidiary, Hall-Scott Motor Car Company, to purchase at \$13.54 per share 16,500 shares of the common stock of the latter owned by the Company. The options are exercisable over a period of three years and expire January 31, 1949.

Investment in securities of subsidiaries not consolidated, other than ACF-Brill Motors Company, represents a majority interest in Century Motors Corporation totaling \$33,021, stated at cost less write-down to amount realized in cash in complete liquidation of Century Motors Corporation in August, 1947.

Other security investments are comprised as follows:

	Cost	Value Based on Market Quotations at July 31, 1947 (which is not necessarily the amount realizable on immediate sale)
15,500 shares of Eastern Massachusetts Street Railway Company common stock.....	\$156,575	\$ 54,250
1,650 shares of Eastern Massachusetts Street Railway Company adjustment stock....	86,425	36,300
Miscellaneous .....	14,201	56,812
	<u>\$257,201</u>	<u>\$147,362</u>

### Note 6:

A summary of property, plant and equipment and related reserves for depreciation and amortization as of July 31, 1947 is as follows:

	Cost	Reserves	Net Book Value
<b>Emergency Facilities acquired under Certificates of Necessity:</b>			
Buildings and improvements.....	\$14,056,130	\$14,056,130	\$ —
Machinery and equipment.....	5,407,499	5,407,499	—
Land and leasehold improvements.....	799,400	799,400	—
Airfield and ramp.....	1,974,329	1,974,329	—
	<u>\$22,237,358</u>	<u>\$22,237,358</u>	<u>\$ —</u>
<b>Other Than Emergency Facilities:</b>			
Buildings and improvements.....	\$ 2,835,217	\$ 745,259	\$2,089,958
Machinery and equipment.....	6,599,304	2,315,261	4,284,043
Land and leasehold improvements.....	793,865	138,340	655,525
Airfield and ramp.....	26,587	1,552	25,035
Construction in progress.....	201,872	—	201,872
	<u>\$10,456,845</u>	<u>\$ 3,200,412</u>	<u>\$7,256,433</u>
<b>Total .....</b>	<u>\$32,694,203</u>	<u>\$25,437,770</u>	<u>\$7,256,433</u>



## NOTES TO FINANCIAL STATEMENTS—(Continued)

The emergency facilities acquired under Certificates of Necessity, which are fully reserved for as the result of accelerated amortization provided during the period from dates of acquisition (starting in 1940) to termination of their emergency use in the Fall of 1945, were constructed or acquired for war production of military aircraft. The majority of these facilities is being used in postwar business but it is not practicable to determine their present fair value.

A material portion of the plant facilities used by the Company in performing war contracts during the two years ended November 30, 1945, and United States Government cost-plus-fixed-fee contracts during the year ended November 30, 1946 and the eight months ended July 31, 1947, was leased from the United States Government at a nominal annual rental, plus taxes and maintenance expense.

Provision for depreciation of property, plant and equipment (other than emergency facilities) was made on a straight-line basis, the principal annual rates being as follows: 3-1/3% for buildings; 8% for yard paving; 5 to 15% for machinery and equipment; 12% for engineering equipment; 6-2/3 to 10% for office equipment (exclusive of typewriters); 24% for automotive equipment; and 48% for temporary structures and enclosures. The depreciation rates which have been used are considered adequate to extinguish the cost of the various classes of depreciable property over the period of their useful lives, due consideration being given to obsolescence.

When an item of property, plant and equipment (other than emergency facilities) is sold or retired, the related reserve account is, in most instances, charged with the cost thereof less proceeds from sale or retirement. When an emergency facility item is sold or retired the related reserve account is charged with the cost thereof and the proceeds from sale or retirement credited to income.

Expenditures for maintenance and repairs are charged to overhead expenses and distributed to work orders on the basis of direct factory productive and tooling labor. Expenditures for replacements are capitalized and the items replaced are retired.

### Note 7:

The Company entered into a loan agreement dated February 1, 1946 with a group of banks whereby the banks agreed to extend credit not to exceed an aggregate amount of \$25,000,000 to be evidenced by notes that mature in ninety days from date of borrowing. This agreement, which expires on January 31, 1949, requires that the Company maintain net current assets in an amount equal to 120% of the principal amount of outstanding notes or \$15,000,000, whichever shall be the greater. As of October 14, 1947, the amount borrowed under this agreement was \$12,000,000.

### Note 8:

Upon approval by stockholders on March 19, 1947, the Company's Stock Option Plan was amended to reduce from 125,000 to 88,750 the total number of shares reserved for exercise of outstanding options and for options which may subsequently be granted by the Board of Directors to officers and supervisory executives, the option price to be not less than \$17.75 per share and, in the case of future options, not less than 12½¢ above the closing market price of the stock on the date of allotment of the option. The total number of shares covered by options outstanding on July 31, 1947 was 75,196 and such options expire December 31, 1951.

### Note 9:

There are pending lawsuits brought by former supervisory employees under the Fair Labor Standards Act. The ultimate possible contingent liability represented by these suits is estimated by counsel at \$650,000. The Company expects reimbursement under applicable cost-plus-fixed-fee contracts of any amounts it may be required to pay.

There are pending two "portal-to-portal" retroactive pay suits against the Company filed on behalf of employees of one of its divisions claiming unpaid wages and liquidated damages for an unspecified amount. On May 14, 1947 a Federal statute became effective designed to outlaw cases of a "portal-to-portal" nature. However, its constitutionality remains to be determined by the Courts. Accordingly, as it is impossible to forecast the ultimate liability, if any, that may result from settlement of the "portal-to-portal" pay issue, no reserve has been provided therefor.

### Note 10:

Renegotiation of the Company's war contracts for 1944 and prior fiscal years has been completed. The renegotiation refund required for the 1944 fiscal year and related adjustments exceeded the provision made therefor at November 30, 1944, by \$1,650,715. The adjustment required as a result thereof has been applied in the accompanying financial statements as reduction of the income for the year 1944, whereas \$1,930,715 of the adjustment was charged on the Company's books to earned surplus in 1945 and \$280,000 was credited to earned surplus in 1947. On the basis of the settlement for the fiscal year 1944, no renegotiation refund will be required for the fiscal year 1945 and the month of December 1945, and accordingly no provision therefor has been made.



# NOTES TO FINANCIAL STATEMENTS—(Continued)

As a result of the aforementioned treatment of renegotiation and the other adjustments outlined below, the net income for the two years ended November 30, 1945 shown in the accompanying statements of consolidated income differs from that previously shown in the annual reports for such years as indicated in the following reconciliation:

	1944	1945
Net income per annual reports.....	\$12,424,313	\$ 6,748,932
<i>Add:</i>		
Reversal of reserve for postwar readjustment.....	\$ 6,500,000	\$ —
Reversal of provision for sales tax less related adjustment for Federal income and excess profits tax .....	56,000	—
Escalation adjustment less related adjustment for Federal income and excess profits tax .....	—	379,250
	<u>\$ 6,556,000</u>	<u>\$ 379,250</u>
	\$18,980,313	\$ 7,128,182
<i>Deduct:</i>		
Additional provision for renegotiation and related adjustments.....	\$ 1,650,715	\$ —
Accelerated amortization of emergency facilities applicable to year 1944 less related claims for Federal income and excess profits tax refunds and renegotiation rebates....	114,814	—
Additional provision for Federal income and excess profits tax.....	—	240,000
	<u>\$ 1,765,529</u>	<u>\$ 240,000</u>
Net income per accompanying statements of consolidated income.....	<u>\$17,214,784</u>	<u>\$ 6,888,182</u>

## Note 11:

Substantially all of the sales and net income of the Company and Consolidated Subsidiary during the two years ended November 30, 1945 resulted from war business.



**CONSOLIDATED VULTEE AIRCRAFT CORPORATION**  
**AND**  
**CONSOLIDATED SUBSIDIARY**

**SUPPLEMENTARY PROFIT AND LOSS INFORMATION**

For the three years and eight months ended July 31, 1947

	Year Ended November 30,			Eight Months Ended July 31, 1947
	1944	1945	1946	
Maintenance and Repairs .....	\$13,232,975	\$8,160,942	\$1,800,626	\$1,571,660
Depreciation and Amortization of Property, Plant, and Equipment	\$ 6,821,357	\$9,755,013	\$ 483,487	\$ 440,637
<b>Taxes, Other Than Federal Income and Excess Profits Taxes:</b>				
Real estate and personal property.....	\$ 1,122,135	\$ 971,875	\$ 437,275	\$ 399,743
Social security .....	9,050,850	5,962,901	1,030,137	1,404,577
Federal capital stock .....	932,417	83,062	—	—
State franchise .....	1,530,456	500,081	25,454	36,533
Miscellaneous .....	759,003	357,126	65,592	66,684
	<u>\$13,394,861</u>	<u>\$7,875,045</u>	<u>\$1,558,458</u>	<u>\$1,907,537</u>
Management and Service Contract Fees.....	None	None	None	None
Rents .....	\$ 700,520	\$ 401,445	\$ 174,365	\$ 128,875
Royalties .....	\$ 66,762	\$ 39,916	\$ 2,405	\$ 4,180

**NOTES:**

All of the above amounts were charged directly to income (being included in the statements of consolidated income under "Wages, Materials and Other Costs"), none being charged to other accounts.

Depreciation and amortization of property, plant, and equipment include the following amounts in respect of amortization of emergency facilities covered by "necessity certificates" (see Note 6 to the financial statements):

Year ended November 30, 1944.....	\$5,888,723
Year ended November 30, 1945.....	8,845,689

The aggregate annual rentals on all real property leased by the Company and Consolidated Subsidiary for terms expiring after July 31, 1950 are not significant in amount.



**CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
AND  
CONSOLIDATED SUBSIDIARY**

**PRO FORMA CONSOLIDATED BALANCE SHEET**

As at July 31, 1947

Showing Effect of Consummation of the Proposed Transactions Explained in the  
Accompanying Memorandum

**ASSETS**

**Current Assets:**

Cash .....		\$ 9,026,897
Accounts receivable including \$1,807,123 from the United States Government.....		2,706,052
Claims under terminated contracts receivable from the United States Government.....		678,996
Unreimbursed expenditures under cost-plus-fixed-fee contracts.....		9,968,848
Claims for Federal income and excess profits tax refunds and renegotiation rebates.....		13,385,432
Inventories:		
Finished goods .....	\$ 71,029	
Work in process.....	16,454,533	
Materials, parts and supplies.....	7,054,570	
	<u>\$23,580,132</u>	
Less: Progress payments received.....	5,006,618	18,573,514
Advances to vendors .....		<u>704,066</u>
Total current assets.....		\$55,043,805
Non-Current Claims for Federal Income and Excess Profits Tax Refunds and Renegotiation Rebates .....		7,648,704
Miscellaneous Investments .....		47,522
Property, Plant, and Equipment, At Cost.....	\$23,999,423	
Less: Reserves for depreciation and amortization.....	<u>19,283,989</u>	4,715,434
Deferred Charges (prepaid insurance, taxes, etc.).....		<u>577,059</u>
		<u>\$68,032,524</u>

**LIABILITIES, CAPITAL STOCK, AND SURPLUS**

**Current Liabilities:**

Notes payable to banks.....	\$ 8,000,000
Accounts and wages payable.....	6,421,461
Customers' deposits on sales contracts.....	7,792,500
Accrued taxes (other than Federal income taxes).....	538,415
Reserve for loss on commercial airplane production project.....	6,200,000
Total current liabilities.....	<u>\$28,952,376</u>

**Common Stock—par value \$1 per share:**

Authorized—2,400,000 shares	
Issued —1,570,266 shares (including 410,417 shares in treasury as shown below).....	\$ 1,570,266
Reserved for options to officers and supervisory executives—88,750 shares	
Paid-in Surplus .....	14,161,384
Earned Surplus Segregated for Possible Loss in 1948 on Convair Liner Project.....	4,000,000
Earned Surplus .....	24,119,596
	<u>\$43,851,246</u>
Deduct: Common Stock in Treasury—410,417 shares.....	<u>4,771,098</u>
	39,080,148
	<u>\$68,032,524</u>

Reference is made to the accompanying memorandum.



# MEMORANDUM WITH REGARD TO PRO FORMA CONSOLIDATED BALANCE SHEET OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION AND CONSOLIDATED SUBSIDIARY AS AT JULY 31, 1947

The accompanying pro forma consolidated balance sheet of Consolidated Vultee Aircraft Corporation and Consolidated Subsidiary is presented to show the effect of consummation of the proposed sale by Consolidated Vultee Aircraft Corporation of certain assets to The Nashville Corporation, the payment therefor by The Nashville Corporation's assumption of certain liabilities of Consolidated Vultee Aircraft Corporation and issuance of 820,834 shares of The Nashville Corporation common stock to Consolidated Vultee Aircraft Corporation, the sale by Consolidated Vultee Aircraft Corporation to its stockholders of such 820,834 shares of The Nashville Corporation common stock and the payment therefor by the stockholders, all pursuant to an Agreement of Sale dated October 3, 1947 which is subject to approval by the stockholders of Consolidated Vultee Aircraft Corporation at a special meeting to be held on November 6, 1947. This pro forma balance sheet should be read in conjunction with the consolidated balance sheet of Consolidated Vultee Aircraft Corporation and Consolidated Subsidiary on page 28 hereof and the notes thereto.

The aforementioned proposed transactions are reflected in the pro forma balance sheet as follows:

Elimination of assets to be sold by Consolidated Vultee Aircraft Corporation to The Nashville Corporation:

Assets of Nashville Division (per books at July 31, 1947):

Current assets:

Cash .....	\$ 445,422	
Accounts receivable .....	960,783	
Inventories .....	6,737,734	
Advances to vendors.....	17,159	\$ 8,161,098
Property, plant, and equipment.....	\$8,694,780	
Less: Reserves for depreciation and amortization.....	6,153,781	2,540,999
Deferred charges .....		38,342
		<u>\$10,740,439*</u>

Other assets:

Cash (representing amount by which assets less liabilities of Nashville Division, per books at July 31, 1947, are less than the amount of \$11,302,506 specified in Agreement of Sale).....		1,748,072*
Investments in ACF-Brill Motors Company and Eastern Massachusetts Street Railway Company, at cost (which is \$3,294,561 in excess of the value thereof based on market quotations at July 31, 1947).....		7,812,473
		<u>\$20,300,984</u>

Less:

Elimination of liabilities to be assumed by The Nashville Corporation:

Liabilities of Nashville Division (per books at July 31, 1947):

Accounts and wages payable.....	\$1,077,888	
Accrued taxes (other than Federal income taxes).....	108,117	1,186,005*

Net assets, at book value, to be sold to The Nashville Corporation..... \$19,114,979

Consideration to be received by Consolidated Vultee Aircraft Corporation on sale to its stockholders of 820,834 shares of The Nashville Corporation common stock to be received from the latter in payment for the foregoing net assets:

Cash (after deduction of expenses applicable to proposed transactions estimated at \$110,000) .....	\$7,277,506	
410,417 shares of Consolidated Vultee Aircraft Corporation common stock (to be held in treasury) (stated on basis of July 31, 1947 quoted market value of \$11.625 per share) .....	4,771,098**	12,048,604

Loss to be charged to earned surplus..... \$ 7,066,375\*\*

\* Under the Agreement of Sale, operations of Nashville Division until the closing date on which The Nashville Corporation purchases the assets, and assumes the liabilities, of Nashville Division are, in effect, for the account of Consolidated Vultee Aircraft Corporation and, consequently, changes in the assets and liabilities of Nashville Division between July 31, 1947 and such closing date as the result of profits or losses or other transactions will be offset by corresponding adjustment of the amount of cash to be paid by Consolidated Vultee Aircraft Corporation to The Nashville Corporation.

\*\* It is intended that the 410,417 shares of Consolidated Vultee Aircraft Corporation common stock to be received by it and held in treasury will be stated on the books of Consolidated Vultee Aircraft Corporation on the basis of quoted market values when the proposed transactions are consummated rather than on the basis of July 31, 1947 quoted market value as set forth above. The resulting adjustment of the loss to be charged to earned surplus as set forth above will be offset by corresponding adjustment in the amount at which the treasury stock will be stated on the books. It should be noted that there would be no loss to be charged to earned surplus if the treasury stock were stated on the basis of book value rather than quoted market value.



## CERTIFICATE OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors,  
The Nashville Corporation:

We have examined the pro forma balance sheet of The Nashville Corporation as at July 31, 1947 and the statements of income and supplementary profit and loss information of the Nashville Division of Consolidated Vultee Aircraft Corporation for the year and eight months then ended. In connection therewith we reviewed the system of internal control and the accounting procedures of the Division and, without making a detailed audit of the transactions, examined or tested accounting records of the Division and other supporting evidence, by methods and to the extent we deemed appropriate. The amount at which inventories are stated at July 31, 1947 is based primarily on book cost records as it was not practicable to take extensive physical inventories at such interim date. Based on our review of the book inventory records and physical counts which we made of a limited portion of the inventories as of July 31, 1947, together with the examination of the inventories of the Division at the close of the previous fiscal year, made by us in accordance with generally accepted auditing standards, we are satisfied that the inventories are fairly stated on the basis explained in Note 2 to the financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying pro forma balance sheet as at July 31, 1947 presents fairly the effect on the financial position of The Nashville Corporation of consummation of the proposed transaction explained in Note 1 to the financial statements and the accompanying statements of income and supplementary profit and loss information present fairly the results of operations of the Nashville Division of Consolidated Vultee Aircraft Corporation for the year and eight months ended July 31, 1947, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

ARTHUR YOUNG & COMPANY

New York, N. Y.  
October 3, 1947.



# THE NASHVILLE CORPORATION

## PRO FORMA BALANCE SHEET

As at July 31, 1947

Showing Effect of Consummation of the Proposed Transaction Explained in Note 1

### ASSETS

#### Current Assets:

Cash .....		\$ 2,113,494
Accounts receivable—trade (including \$449,959 due from ACF-Brill Motors Company and \$470,755 due from Avco Manufacturing Corporation) .....		960,783
Inventories (Note 2):		
Finished goods .....	\$ 128,583	
Work in process .....	3,724,502	
Materials, parts, and supplies .....	2,884,649	6,737,734
Advances to vendors .....		17,159
Total current assets .....		\$ 9,829,170

#### Investments (Note 3):

ACF-Brill Motors Company .....	\$4,427,362	
Eastern Massachusetts Street Railway Company .....	90,550	4,517,912

Property, Plant, and Equipment (Note 4) .....	\$8,694,780	
Less: Reserves for depreciation and amortization (Note 4) .....	6,153,781	2,540,999

Deferred Charges (Prepaid insurance, etc.) .....		38,342
		<u>\$16,926,423</u>

### LIABILITIES, CAPITAL STOCK, AND SURPLUS

#### Current Liabilities:

Accounts and wages payable .....	\$ 1,077,888
Accrued taxes (other than Federal income taxes) .....	108,117
Total current liabilities .....	<u>\$ 1,186,005</u>

#### Common Stock—par value \$1 per share:

Authorized—1,500,000 shares	
Issued and outstanding—820,834 shares (Note 7) .....	820,834

Paid-in Surplus .....	14,919,584
	<u>\$16,926,423</u>

Reference is made to the accompanying notes.



# NASHVILLE DIVISION OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION

## STATEMENTS OF INCOME

For the year and eight months ended July 31, 1947

	Year Ended November 30, 1946	Eight Months Ended July 31, 1947
<b>Net Sales:</b>		
To ACF-Brill Motors Company (buses and bus parts).....	\$ 473,792	\$ 2,042,684
To Avco Manufacturing Corporation and its former subsidiary, The Crosley Corporation (kitchen ranges and frozen food storage cabinets).....	1,184,823	4,017,097
Miscellaneous .....	210,908	41,171
	<u>\$ 1,869,523</u>	<u>\$ 6,100,952</u>
<b>Wages, Materials and Other Costs (Notes 2 and 5).....</b>	<b>\$ 3,426,855</b>	<b>\$ 7,282,939</b>
<b>General Administrative Expenses (allocated by the General Office of Consolidated Vultee Aircraft Corporation).....</b>	<b>137,486</b>	<b>135,799</b>
	<u>\$ 3,564,341</u>	<u>\$ 7,418,738</u>
	<u>\$ (1,694,818)</u>	<u>\$ (1,317,786)</u>
<b>Other Income:</b>		
Interest earned .....	\$ 1,047	\$ 4,379
Profit on sale of fixed assets.....	32,524	3,527
Miscellaneous .....	1,927	661
	<u>\$ 35,498</u>	<u>\$ 8,567</u>
<b>Loss Before Recovery of Federal Taxes Based on Income (Note 5).....</b>	<b>\$ (1,659,320)</b>	<b>\$ (1,309,219)</b>
<b>Estimated Recovery of Federal Income and Excess Profits Taxes Resulting from Carry-Back of Operating Loss (Note 6).....</b>	<b>1,154,096</b>	<b>990,908</b>
	<u>1,154,096</u>	<u>990,908</u>
<b>Net Loss .....</b>	<b>\$ (505,224)</b>	<b>\$ (318,311)</b>

Reference is made to the accompanying notes and statement of supplementary profit and loss information.



**THE NASHVILLE CORPORATION  
AND  
NASHVILLE DIVISION OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1:**

The accompanying pro forma balance sheet of The Nashville Corporation (which was incorporated on September 26, 1947) is presented to show the effect of consummation of the proposed purchase by The Nashville Corporation of certain assets from Consolidated Vultee Aircraft Corporation and the payment therefor by The Nashville Corporation's assumption of certain liabilities of Consolidated Vultee Aircraft Corporation and issuance of 820,834 shares of The Nashville Corporation common stock to Consolidated Vultee Aircraft Corporation, all pursuant to an Agreement of Sale dated October 3, 1947 which is subject to approval by the stockholders of Consolidated Vultee Aircraft Corporation at a special meeting to be held on November 6, 1947.

The assets to be purchased and the liabilities to be assumed pursuant to such Agreement are reflected in the pro forma balance sheet as follows:

Assets of Nashville Division of Consolidated Vultee Aircraft Corporation (stated at the amounts at which carried on the books of Nashville Division at July 31, 1947):

Current assets:

Cash .....	\$ 445,422	
Accounts receivable .....	960,783	
Inventories (see Note 2) .....	6,737,734	
Advances to vendors .....	17,159	\$ 8,161,098

Property, plant, and equipment, less reserves for depreciation and amortization (see Note 4) .....		2,540,999
Deferred charges .....		38,342

\$10,740,439

Other assets to be purchased from Consolidated Vultee Aircraft Corporation:

Cash (representing amount by which assets less liabilities of Nashville Division, per books at July 31, 1947, are less than amount of \$11,302,506 specified in Agreement of Sale) .....	1,748,072
--	-----------

Investments in ACF-Brill Motors Company and Eastern Massachusetts Street Railway Company (stated on the basis of July 31, 1947 quoted market values which aggregate \$3,294,561 less than the cost of such investments to Consolidated Vultee Aircraft Corporation) (see Note 3) .....	4,517,912
--	-----------

\$17,006,423

Less:

Liabilities of Nashville Division of Consolidated Vultee Aircraft Corporation (based on the books of Nashville Division at July 31, 1947):

Accounts and wages payable .....	\$1,077,888
Accrued taxes (other than Federal income taxes) .....	108,117
	<u>\$1,186,005</u>

Expenses applicable to proposed transactions (applied in reduction of cash in pro forma balance sheet) .....	80,000	1,266,005
--	--------	-----------

Net Assets ..... \$15,740,418

Whereof:

Credited to common stock account:

820,834 shares at par value of \$1 per share .....	\$ 820,834
Balance, credited to paid-in surplus .....	14,919,584

\$15,740,418

Under the Agreement of Sale operations of Nashville Division until the closing date on which The Nashville Corporation purchases the aforementioned assets and assumes the aforementioned liabilities are, in effect, for the account of Consolidated Vultee Aircraft Corporation and consequently the net assets to be received by The Nashville Corporation will not be affected by profits or losses or other transactions of Nashville Division from July 31, 1947 to such closing date and changes be-



## NOTES TO FINANCIAL STATEMENTS—(Continued)

tween such dates in the assets and liabilities of Nashville Division will be offset by corresponding adjustment of the amount of cash to be received by The Nashville Corporation from Consolidated Vultee Aircraft Corporation. It should be noted, however, that it is intended that the investments in ACF-Brill Motors Company and Eastern Massachusetts Street Railway Company will be stated on the books of The Nashville Corporation on the basis of quoted market values on the date actually acquired by The Nashville Corporation from Consolidated Vultee Aircraft Corporation, rather than on the basis of July 31, 1947 quoted market values at which such investments are stated in the pro forma balance sheet with corresponding adjustment of the amount credited to paid-in surplus as shown above. It should also be noted that, as stated in Note 4, the Board of Directors of The Nashville Corporation intends to give consideration in 1948 to stating emergency facilities acquired under Certificates of Necessity at fair value and, if this is done, paid-in surplus will be increased by the amount of such fair value and depreciation thereon will be charged to income in 1948 and subsequent years.

### Note 2:

Inventories are stated at the lower of cost (determined, in general, on first-in first-out basis) or realizable market after allowance for slow moving and obsolete items. Work in process, in addition to labor, material and manufacturing costs, includes tooling costs applicable to specific production contracts in the amount of \$1,235,358. Contracts with customers provide for the recovery of tooling costs through amortizing specific amounts as products are delivered, and in event of the customer's cancellation of a contract, the unamortized balance is to be paid for by the customer. However, a substantial portion of the July 31, 1947 unamortized tooling balance will probably not be amortized during the next twelve months.

The inventory balances, which have been used in the computation of cost of sales, were as follows at the beginning and end of the year ended November 30, 1946, and the eight-month period ended July 31, 1947:

At November 30, 1945.....	\$ 140,817
At November 30, 1946.....	3,814,413
At July 31, 1947.....	6,737,734

### Note 3:

The investment in ACF-Brill Motors Company is comprised as follows:

	Value based on market quotations at July 31, 1947 (which are not necessarily the amounts realizable on immediate sale)
458,849 shares* of common stock (representing approximately 48% of the total stock presently outstanding) .....	\$3,785,504
160,464 warrants to purchase a like number of shares of common stock at \$12.50 per share prior to Jan. 1, 1950 or at \$15.00 per share from Jan. 1, 1950 until Dec. 31, 1954 when the warrants expire (representing approximately 57% of the total warrants presently outstanding) .....	641,858
Amount at which stated in the accompanying pro forma balance sheet.....	<u>\$4,427,362**</u>

\* 16,500 of these shares are subject to outstanding options granted on January 31, 1946 to certain officers and supervisory executives of ACF-Brill Motors Company and its subsidiary, Hall-Scott Motor Car Company. The option price is \$13.54 per share and the options are exercisable over a period of 3 years expiring January 31, 1949.

\*\* This amount is \$47,496 in excess of the applicable equity in net assets based on the consolidated balance sheet of ACF-Brill Motors Company and Subsidiaries at July 31, 1947. Financial statements of ACF-Brill Motors Company and of ACF-Brill Motors Company and Subsidiaries for the three years and seven months ended July 31, 1947 are included elsewhere herein.

The investment in Eastern Massachusetts Street Railway Company is comprised as follows:

	Value based on market quotations at July 31, 1947 (which are not necessarily the amounts realizable on immediate sale)
15,500 shares of common stock.....	\$ 54,250
1,650 shares of adjustment stock.....	36,300
Amount at which stated in the accompanying pro forma balance sheet.....	<u>\$ 90,550</u>



## NOTES TO FINANCIAL STATEMENTS—(Continued)

It is intended that the foregoing investments in ACF-Brill Motors Company and Eastern Massachusetts Street Railway Company will be stated on the books of The Nashville Corporation on the basis of quoted market values on the date actually acquired by The Nashville Corporation from Consolidated Vultee Aircraft Corporation rather than on the basis of July 31, 1947 quoted market values as set forth above.

### Note 4:

A summary of property, plant and equipment and related reserves for depreciation and amortization as of July 31, 1947, is as follows:

	Cost to Consolidated Vultee Aircraft Corporation	Reserves Provided by Consolidated Vultee Aircraft Corporation	Net Book Value
Emergency facilities acquired under Certificates of Necessity:			
Buildings and improvements.....	\$3,944,300	\$3,944,300	\$ —
Machinery and equipment.....	1,651,175	1,651,175	—
Land and leasehold improvements.....	96,513	96,513	—
	<u>\$5,691,988</u>	<u>\$5,691,988</u>	<u>\$ —</u>
Other than emergency facilities:			
Buildings and improvements.....	\$ 271,548	\$ 66,174	\$ 205,374
Machinery and equipment.....	2,278,265	359,647	1,918,618
Land and leasehold improvements.....	337,742	35,972	301,770
Construction in progress.....	115,237	—	115,237
	<u>\$3,002,792</u>	<u>\$ 461,793</u>	<u>\$2,540,999</u>
	<u>\$8,694,780</u>	<u>\$6,153,781</u>	<u>\$2,540,999</u>

The emergency facilities acquired under Certificates of Necessity, which are fully reserved for as the result of accelerated amortization provided during the period from dates of acquisition to termination of their emergency use in the Fall of 1945, were constructed or acquired, principally during the years 1940 through 1942, for war production of military aircraft. The majority of these facilities is being used in postwar business but they are carried at no net book value in the accompanying pro forma balance sheet in order to maintain consistency with the basis on which emergency facilities are carried in the accounts of Consolidated Vultee Aircraft Corporation and because it is not practicable to determine their present fair value from the standpoint of utilization for non-aviation manufacturing purposes. In addition, the basis of these assets to The Nashville Corporation for income tax purposes is not presently ascertainable. The Board of Directors of The Nashville Corporation intends to give consideration in 1948, in the light of further experience in postwar operation of the plant and other pertinent circumstances, to stating such assets at fair value if then practicable and, if this is done, paid-in surplus will be increased by the amount of such fair value and depreciation thereon will be charged to income in 1948 and subsequent years.

Provision for depreciation of property, plant and equipment (other than emergency facilities) was made on a straight-line basis, the principal annual rates being as follows: 3-1/3% for buildings; 5% for railroad sidings; 5 to 10% for machinery and equipment; 6-2/3% for office equipment (exclusive of typewriters); and 24% for automotive equipment. The depreciation rates which have been used are considered adequate to extinguish the cost of the various classes of depreciable property over the period of their useful lives, due consideration being given to obsolescence.

When an item of property, plant and equipment (other than emergency facilities) is sold or retired, the related reserve account is, in most instances, charged with the cost thereof, less proceeds from sale or retirement. When an emergency facility item is sold or retired, the related reserve account is charged with the cost thereof and the proceeds from sale or retirement are credited to income.

Expenditures for maintenance and repairs are charged to income as incurred. Expenditures for replacements are capitalized and the items replaced are retired.

### Note 5:

The costs charged to income for the year ended November 30, 1946 and the eight months ended July 31, 1947 are not indicative of normal operations since, during such periods and particularly during the year ended November 30, 1946, Nashville Division commenced manufacture of its present products (buses and bus parts, kitchen ranges and frozen food storage cabinets). As a result the costs charged to income are applicable, in part, to plant rearrangement and idle or excess



## NOTES TO FINANCIAL STATEMENTS—(Continued)

plant facilities as well as to development, employee training and other pre-production and start-up expenses. It is not practicable, however, to estimate with any degree of accuracy the aggregate amount of such abnormal costs charged to income or the adverse effect on operations which has resulted from shortages of certain critical materials and parts.

### Note 6:

The estimated recovery of Federal income and excess profits taxes credited to the statements of income for the year ended November 30, 1946 and the eight months ended July 31, 1947 represents the portion, applicable to Nashville Division, of the total recovery reflected in the accounts of Consolidated Vultee Aircraft Corporation. This credit to income is of a non-recurring nature since any losses sustained by Consolidated Vultee Aircraft Corporation subsequent to 1947 and any losses sustained by The Nashville Corporation will not, under present tax law, result in tax benefits except to the extent such losses may be offset against subsequent profits.

### Note 7:

The Agreement of Sale referred to in Note 1 provides among other things: (1) that 820,834 shares of common stock of The Nashville Corporation, being all of the latter's initially issued capital stock, will be issued to Consolidated Vultee Aircraft Corporation; (2) that Consolidated Vultee Aircraft Corporation will issue to all its stockholders Subscription Warrants entitling them to purchase all of such shares of The Nashville Corporation; and (3) that Avco Manufacturing Corporation, the owner of approximately 26% of the outstanding common stock of Consolidated Vultee Aircraft Corporation, will purchase its pro rata portion of such stock of The Nashville Corporation sold by Consolidated Vultee Aircraft Corporation and, in addition, all shares of such stock not purchased by other stockholders of Consolidated Vultee Aircraft Corporation.

Upon consummation of the foregoing, Consolidated Vultee Aircraft Corporation will own none of the 820,834 shares of issued and outstanding stock of The Nashville Corporation.

No shares of stock of The Nashville Corporation are reserved for officers and employees or for options, warrants, conversions and other rights.



# NASHVILLE DIVISION OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION

## SUPPLEMENTARY PROFIT AND LOSS INFORMATION

For the year and eight months ended July 31, 1947

	Year Ended November 30, 1946	Eight Months Ended July 31, 1947
Maintenance and Repairs.....	\$180,028	\$253,749
Depreciation of Property, Plant, and Equipment.....	\$ 67,772	\$121,381
<b>Taxes, Other Than Federal Income and Excess Profits</b>		
<b>Taxes:</b>		
Real estate and personal property.....	\$ 32,470	\$ 48,705
Social security .....	59,372	72,890
State franchise .....	3,825	17,039
Miscellaneous .....	16,988	5,928
	<u>\$112,655</u>	<u>\$144,562</u>
Management and Service Contract Fees.....	<u>None</u>	<u>None</u>
Rents .....	<u>\$ 2,716</u>	<u>\$ 6,156</u>
Royalties .....	<u>None</u>	<u>None</u>

### NOTES:

All of the above amounts were charged directly to income (being included in the statements of income under "Wages, Materials and Other Costs"), none being charged to other accounts.

The aggregate annual rentals on all real property leased by the Division for terms expiring after July 31, 1950 are not significant in amount.



## CERTIFICATE OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors

ACF-Brill Motors Company:

We have examined the balance sheet of ACF-Brill Motors Company at July 31, 1947, the Company's statement of income for the year ended December 31, 1944 and statements of surplus for the three years and seven months ended July 31, 1947, the consolidated balance sheet of ACF-Brill Motors Company and Subsidiaries at July 31, 1947 and the statements of consolidated income, surplus and supplementary profit and loss information for the three years and seven months ended July 31, 1947. In connection therewith we reviewed the system of internal control and the accounting procedures of the Companies and, without making a detailed audit of the transactions, examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate. The amount at which inventories are stated at July 31, 1947 is based primarily on book cost records as it was not practicable to take extensive physical inventories at such interim date. Based on our review of the book inventory records and physical counts which we made of a limited portion of the inventories as of July 31, 1947, together with the examination of the inventories at the close of the previous fiscal year, made by us in accordance with generally accepted auditing standards, we are satisfied that the inventories are fairly stated on the basis explained in Note 1 to the financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying financial statements present fairly the position of ACF-Brill Motors Company and of ACF-Brill Motors Company and Subsidiaries at July 31, 1947 and the results of their operations for the periods indicated therein, in conformity with generally accepted accounting principles which have been applied on a consistent basis during the period under review except for the restatement of property, plant and equipment from 1922 appraised value to original cost, as explained in Note 3 to the financial statements, which change we approve.

ARTHUR YOUNG & COMPANY

New York, N. Y.  
October 3, 1947.



**ACF-BRILL MOTORS COMPANY  
AND  
ACF-BRILL MOTORS COMPANY AND SUBSIDIARIES**

**BALANCE SHEETS**

At July 31, 1947

	<b>ASSETS</b>		
	<b>ACF-Brill Motors Company</b>	<b>ACF-Brill Motors Company and Subsidiaries</b>	
<b>Current Assets:</b>			
Cash .....	\$ 2,057,416		\$ 2,650,305
U. S. Treasury Certificates, at cost (market value— \$47,350) .....	50,000		50,000
Notes receivable—trade .....	142,500		142,500
Accounts receivable:			
Trade .....	\$ 1,813,094		\$ 2,173,953
Other .....	68,690		80,979
	<u>\$ 1,881,784</u>		<u>\$ 2,254,932</u>
Less: Reserve for doubtful accounts.....	19,507	1,862,277	32,865
			<u>2,222,067</u>
Inventories, at lower of cost or market (Note 1).....	\$10,939,969		\$14,656,514
Less: Reserve .....	315,266	10,624,703	515,266
			<u>14,141,248</u>
Total current assets.....		<u>\$14,736,896</u>	<u>\$19,206,120</u>
<b>Investments and Other Assets:</b>			
Securities of subsidiaries (Note 2):			
Consolidated .....	5,590,202		—
Not consolidated .....	\$ 163,176		\$ 163,176
Less: Reserve .....	163,176	—	163,176
			<u>—</u>
Non-current indebtedness of subsidiary not consolidated....	\$ 82,014		\$ 82,014
Less: Reserve .....	82,014	—	82,014
			<u>—</u>
Miscellaneous security investments (no quoted market value) .....	\$ 13,003		\$ 13,003
Cash held for redemption of debentures.....	1,913	14,916	1,913
			<u>14,916</u>
<b>Property, Plant and Equipment, At Cost (Note 3).....</b>	<b>\$ 5,480,833</b>		<b>\$ 8,229,660</b>
Less: Reserves for depreciation and amortization (Note 4)	3,105,215	2,375,618	4,604,179
			<u>3,625,481</u>
<b>Deferred Charges:</b>			
Jigs, dies, tools, and patterns, less amortization (Note 5)..	\$ 722,654		\$ 741,561
Prepaid taxes, insurance, etc. ....	62,814	785,468	108,421
		<u>\$23,503,100</u>	<u>\$23,696,499</u>

Reference is made to the accompanying notes.



**ACF-BRILL MOTORS COMPANY  
AND  
ACF-BRILL MOTORS COMPANY AND SUBSIDIARIES**

**BALANCE SHEETS**

At July 31, 1947

**LIABILITIES, CAPITAL STOCK, AND SURPLUS**

	ACF-Brill Motors Company	ACF-Brill Motors Company and Subsidiaries
<b>Current Liabilities:</b>		
Notes payable to banks.....	\$ 5,500,000	\$ 5,500,000
Accounts payable—trade (including \$454,340 due to Consolidated Vultee Aircraft Corporation, parent company).....	2,364,705	2,846,339
Federal income and excess profits taxes.....	76,730	368,595
Accrued liabilities:		
Salaries and wages.....	\$ 257,178	\$ 340,383
Taxes, other than Federal income taxes.....	235,804	305,081
Interest on six percent income debentures.....	22,222	22,222
Miscellaneous .....	44,345	60,422
Due to consolidated subsidiary.....	3,683,827	—
Total current liabilities.....	\$12,184,811	\$ 9,443,042
<b>Funded Debt:</b>		
Six Percent Income Debentures, due December 31, 1969 (Note 6):		
Issued .....	\$ 4,423,700	\$ 4,423,700
To be issued.....	20,600	20,600
	4,444,300	4,444,300
<b>Reserve for Product Warranty.....</b>	442,021	622,404
<b>Common Stock, Par Value \$2.50 Per Share:</b>		
Authorized —1,250,000 shares		
Issued — 955,423 shares		
To be issued— 7,011 shares		
962,434 shares.....	2,406,085	2,406,085
<b>Warrants on Common Stock (expiring December 31, 1954):</b>		
Issued — 274,366		
To be issued— 5,622		
279,988		
(Each warrant entitles the holder to subscribe for one share of common stock at \$12.50 per share if exercised prior to January 1, 1950 and at \$15.00 per share if exercised thereafter)		
<b>Surplus (per accompanying statements):</b>		
Capital surplus arising from recapitalization as of July 31, 1944 (Note 7).....	\$ 6,840,340	\$ 6,840,340
Earned surplus (deficit) since August 1, 1944 (Note 7)....	(2,814,457)	(59,672)
	\$23,503,100	\$23,696,499

Reference is made to the accompanying notes.



# ACF-BRILL MOTORS COMPANY AND SUBSIDIARIES

## STATEMENTS OF CONSOLIDATED INCOME

For the three years and seven months ended July 31, 1947

	Year ended Dec. 31, 1944	Year ended Dec. 31, 1945	Year ended Dec. 31, 1946	Seven Months ended July 31, 1947
Gross Sales, Less Discounts, Returns, Allowances and Renegotiation Refunds (Note 10).....	\$25,804,338	\$22,806,944	\$24,326,083	\$23,628,127
Cost of Sales (Note 1).....	21,962,922	20,588,467	23,023,086	21,417,661
Gross Profit from Sales (Note 8).....	\$ 3,841,416	\$ 2,218,477	\$ 1,302,997	\$ 2,210,466
Selling, General, and Administrative Expenses.....	\$ 1,371,373	\$ 1,409,702	\$ 2,036,067	\$ 1,840,738
Provision for Doubtful Accounts.....	783	—	14,214	—
	\$ 1,372,156	\$ 1,409,702	\$ 2,050,281	\$ 1,840,738
	\$ 2,469,260	\$ 808,775	\$ (747,284)	\$ 369,728
Other Income:				
License and engineering fees.....	\$ 87,462	\$ 74,016	\$ 148,714	\$ 112,987
Interest on marketable securities.....	30,268	5,488	1,250	729
Interest on notes receivable, etc. ....	16,611	7,059	24,350	32,321
Profit on sale of marketable securities (computed by "specific certificate" method).....	2,531	1,446	—	—
Discounts on purchases.....	30,367	54,560	71,114	53,914
Profit (loss) on disposal of property, plant and equipment	43,330	22,652	(514)	(280)
Miscellaneous .....	12,110	7,651	11,723	9,545
	\$ 222,679	\$ 172,872	\$ 256,637	\$ 209,216
	\$ 2,691,939	\$ 981,647	\$ (490,647)	\$ 578,944
Income Deductions:				
Interest on six per cent income debentures (from August 1, 1944) .....	\$ 112,500	\$ 270,000	\$ 269,481	\$ 155,551
Interest to affiliates (to July 31, 1944).....	165,625	—	—	—
Interest on bank loans, etc. ....	69,874	105,702	115,862	69,340
Provision for loss on advances to subsidiary not consolidated (Note 2).....	—	—	10,514	3,500
Miscellaneous .....	7,872	9,761	3,995	935
	\$ 355,871	\$ 385,463	\$ 399,852	\$ 229,326
	\$ 2,336,068	\$ 596,184	\$ (890,499)	\$ 349,618
Extraordinary Charges:				
Development, plant rearrangement and rehabilitation expense preparatory to resumption of production of regular products (exclusive of \$61,600 for 1944 and \$208,400 for 1945 of similar expenses charged to reserve provided therefor from 1942 and 1943 income).....	167,308	74,459	—	—
	\$ 2,168,760	\$ 521,725	\$ (890,499)	\$ 349,618
Provision for Federal Income and Excess Profits Taxes, and Related Adjustments:				
Federal income tax.....	\$ 451,343	\$ 17,000	\$ —	\$ 110,000
Federal excess profits tax, less postwar refund.....	888,457	—	—	—
	\$ 1,339,800	\$ 17,000	\$ —	\$ 110,000
Federal tax refund resulting from "carry-back" provisions of the tax law.....	—	—	(17,000)	—
Adjustment equivalent to reduction in Federal income tax liability for the year 1945 resulting from expenses claimed in the tax return for that year for which provision had been made:				
In 1944 .....	(44,000)	44,000	—	—
In 1943 and prior years.....	—	158,000	—	—
	\$ 1,295,800	\$ 219,000	\$ (17,000)	\$ 110,000
	\$ 872,960	\$ 302,725	\$ (873,499)	\$ 239,618
Minority Interest in Net Income of American Car and Foundry Motors Company and its Subsidiaries for the Seven Months Ended July 31, 1944.....	95,264	—	—	—
Net Income (Loss) (Note 10).....	\$ 777,696	\$ 302,725	\$ (873,499)	\$ 239,618
Applicable to the seven months ended July 31, 1944.....	\$ 506,212	271,484	—	—
Applicable to the five months ended December 31, 1944.....	\$ 777,696	—	—	—

Reference is made to the accompanying notes and statement of supplementary profit and loss information.



**ACF-BRILL MOTORS COMPANY**  
**AND**  
**ACF-BRILL MOTORS COMPANY AND SUBSIDIARIES**

**STATEMENTS OF CAPITAL SURPLUS ARISING FROM RECAPITALIZATION**

For the Period from July 31, 1944 to July 31, 1947

	ACF-Brill Motors Company	ACF-Brill Motors Company and Subsidiaries
Capital at July 31, 1944:		
Preferred stock .....	\$ 3,718,400	\$ 3,718,400
Preferred stock owned by consolidated subsidiary, at cost .....	—	(111,468)
Classes A and B stock.....	8,000,000	8,000,000
Capital surplus (no change since December 31, 1943).....	4,649,625	6,358,842
Earned surplus (deficit) (per accompanying statement)....	(6,213,957)	(7,811,706)
	<u>\$10,154,068</u>	<u>\$10,154,068</u>
Add: Minority stockholders' equity in net assets of American Car and Foundry Motors Company and its subsidiaries at July 31, 1944 (date of merger into ACF-Brill Motors Company) .....	1,295,932	1,295,932
	<u>\$11,450,000</u>	<u>\$11,450,000</u>
Deduct: Merger adjustments:		
Patents and goodwill charged off.....	\$1,487,762	\$1,487,762
Organization expenses charged off.....	99,476	99,476
Expenses of Plan of Merger and Recapitalization.....	315,808	315,808
	<u>\$1,903,046</u>	<u>\$1,903,046</u>
Less: Cancellation of reserve for contingent payment....	250,000	250,000
	<u>\$ 9,796,954</u>	<u>\$ 9,796,954</u>
Add: Liabilities of American Car and Foundry Motors Company to uncontrolled affiliates:		
Notes payable .....	\$5,901,064	\$5,901,064
Accrued rent .....	242,849	242,849
	<u>6,143,913</u>	<u>6,143,913</u>
Total Capital and Liabilities Accounted for Under Agreement of Merger.....	<u>\$15,940,867</u>	<u>\$15,940,867</u>
Deduct: Cash paid and securities issued under Agreement of Merger to stockholders and uncontrolled affiliates:		
Cash .....	\$1,352,342	\$1,352,342
Six per cent income debentures due December 31, 1969..	4,500,000	4,500,000
New common stock—962,284 shares of a par value of \$2.50 per share.....	2,405,710	2,405,710
Warrants to subscribe for 280,138 shares of new common stock .....	—	—
	<u>8,258,052</u>	<u>8,258,052</u>
Balance as of July 31, 1944 and December 31, 1944.....	<u>\$ 7,682,815</u>	<u>\$ 7,682,815</u>
Add: Excess of proceeds over par value of 95 shares of common stock issued on exercise of warrants during year 1945 .....	950	950
Balance as of December 31, 1945.....	<u>\$ 7,683,765</u>	<u>\$ 7,683,765</u>
Add: Excess of proceeds over par value of 54 shares of common stock issued on exercise of warrants during year 1946 .....	540	540
	<u>\$ 7,684,305</u>	<u>\$ 7,684,305</u>
Deduct: Effect of restatement of property, plant and equipment from 1922 appraised value to original cost (Note 3)..	843,975	843,975
Balance at December 31, 1946.....	<u>\$ 6,840,330</u>	<u>\$ 6,840,330</u>
Add: Excess of proceeds over par value of 1 share of common stock issued on exercise of warrant during the seven months ended July 31, 1947.....	10	10
Balance at July 31, 1947 (Note 7).....	<u>\$ 6,840,340</u>	<u>\$ 6,840,340</u>

Reference is made to the accompanying notes.



**ACF-BRILL MOTORS COMPANY**  
**AND**  
**ACF-BRILL MOTORS COMPANY AND SUBSIDIARIES**

**STATEMENTS OF EARNED SURPLUS (DEFICIT)**

For the three years and seven months ended July 31, 1947

	<u>ACF-Brill Motors Company</u>	<u>ACF-Brill Motors Com- pany and Subsidiaries</u>
<b>Earned Surplus (Deficit) to July 31, 1944:</b>		
Balance at December 31, 1943.....	\$(7,012,393)	\$(8,610,142)
Adjustments made subsequent to December 31, 1943 applicable prior thereto:		
Reduction in provision for contingencies.....		\$446,800
Reduction in provision for notes receivable discounted.....		130,000
Adjustment equivalent to reduction in Federal income tax liability for the year 1945 resulting from expenses claimed in the tax return for that year for which provision had been made in 1943 and prior years.....		158,000
Reduction in provision for Federal excise, state corporate, and miscellaneous taxes .....		148,259
Reduction in provision for retroactive wages.....		24,634
Maintenance charges capitalized less applicable depreciation and Federal taxes on income resulting from Treasury Department's examination of 1942 and 1943 tax returns.....		61,202
Miscellaneous adjustments .....		6,283
Provision for warranty expenses.....		(165,840)
Reduction in carrying value of idle plant to reflect amount realized on sale thereof.....		(78,083)
Increase in provision for renegotiation and Federal taxes on income..		(46,845)
Elimination of intercompany profit in inventories.....		(53,510)
Additional amortization of emergency facilities covered by "necessity certificates" .....		(13,517)
Expenses of abandoned Plan of Merger.....	(11,360)	(22,720)
Minority stockholders' equity in the foregoing adjustments to the extent they relate to American Car and Foundry Motors Company and its subsidiaries.....		(302,439)
Adjustment of investments in subsidiaries to reflect the parent company's equity in the foregoing adjustments made by subsidiaries....	303,584	
Net income (loss) for the seven months ended July 31, 1944.....	(15,818)	506,212
Adjustment of investments in subsidiaries to reflect the parent company's equity in net income of subsidiaries for the seven months ended July 31, 1944.....	522,030	
Balance as of July 31, 1944—eliminated in recapitalization—see statements of capital surplus arising from recapitalization.....	<u><u>\$(6,213,957)</u></u>	<u><u>\$(7,811,706)</u></u>
<b>Earned Surplus (Deficit) Since August 1, 1944:</b>		
Net income (loss) for the five months ended December 31, 1944.....	\$ (428,090)	\$ 271,484
Net income (loss) for the year ended December 31, 1945.....	(954,678)	302,725
Net income (loss) for the year ended December 31, 1946.....	(1,460,118)	(873,499)
Net income for the seven months ended July 31, 1947.....	28,429	239,618
Balance at July 31, 1947 (Note 7).....	<u><u>\$(2,814,457)</u></u>	<u><u>\$ (59,672)</u></u>

Reference is made to the accompanying notes.



**ACF-BRILL MOTORS COMPANY  
AND  
ACF-BRILL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1:**

The inventories at the beginning and end of each of the three years ended December 31, 1946 and the seven-month period ended July 31, 1947 have been consistently stated at the lower of cost (determined, in general, on first-in first-out basis) or realizable market after allowance for obsolete and slow-moving items. Intercompany profits have been eliminated from inventories. The inventory balances (before deduction of reserves) which have been used in the computation of cost of sales for the three years and seven months ended July 31, 1947 were as follows for the Company and subsidiaries:

At December 31, 1943.....	\$ 7,582,053
At December 31, 1944.....	8,219,875
At December 31, 1945.....	8,314,023
At December 31, 1946.....	13,185,251
At July 31, 1947.....	14,656,514

A summary of the inventories of ACF-Brill Motors Company (parent company only) at July 31, 1947 is as follows:

Finished goods (including parts for resale).....	\$ 1,588,023
Work in process.....	3,290,162
Raw materials .....	5,802,302
Supplies .....	259,482
	<u>\$10,939,969</u>

As to the inventories of the consolidated subsidiary, Hall-Scott Motor Car Company, the data permitting the summarization of book inventories at July 31, 1947 by the usual classifications is not available at this interim date.

**Note 2:**

The accounts of the following companies are included in consolidation for the three years and seven months ended July 31, 1947, in the accompanying consolidated financial statements. The same basis of consolidation was followed in the financial statements previously filed with the Securities and Exchange Commission for the five months ended December 31, 1944 and the years 1945 and 1946 whereas prior to July 31, 1944 the accounts of American Car and Foundry Motors Company and its wholly-owned subsidiaries were not consolidated with the accounts of The Brill Corporation and its wholly-owned subsidiaries.

ACF-Brill Motors Company (formerly The Brill Corporation)

- (a) The J. G. Brill Company (Pennsylvania)
- (a) The J. G. Brill Company of Massachusetts
- (b) American Car and Foundry Motors Company
- (c) The ACF Motors Company (Delaware)
- (c) The Fageol Motors Company (Ohio)
- (c) The Fageol Company (Ohio)
- (d) Hall-Scott Motor Car Company
- (e) The J. G. Brill Company (Delaware)

- (a) These wholly-owned subsidiaries were liquidated as of December 31, 1944 at which date their assets and liabilities were transferred to ACF-Brill Motors Company.
- (b) This subsidiary (of which The Brill Corporation and The J. G. Brill Company (Pennsylvania) owned 59.84% of the outstanding preferred stock and 72.14% of the common stock) was merged as of August 1, 1944 into The Brill Corporation which then changed its name to ACF-Brill Motors Company.
- (c) These wholly-owned subsidiaries of American Car and Foundry Motors Company became wholly-owned subsidiaries of ACF-Brill Motors Company as of August 1, 1944 and were liquidated as of December 31, 1944 at which date their assets and liabilities were transferred to ACF-Brill Motors Company.
- (d) This wholly-owned subsidiary of American Car and Foundry Motors Company has been a wholly-owned subsidiary of ACF-Brill Motors Company since August 1, 1944.
- (e) This wholly-owned inactive subsidiary was organized in February, 1945.



## NOTES TO FINANCIAL STATEMENTS—(Continued)

The Company's equity in the net assets shown by the books of its consolidated subsidiaries at July 31, 1947 exceeds the amount at which its investments in these subsidiaries are carried on the Company's books by \$2,796,045. The latter amount (consisting of \$2,796,480 undistributed earnings of Hall-Scott Motor Car Company from August 1, 1944 to July 31, 1947 less \$435 losses of The J. G. Brill Company (Delaware) from February 1945 to July 31, 1947) has been credited in consolidation to earned surplus (deficit). Consolidated earned surplus (deficit) at July 31, 1947 has been charged with \$41,260 to eliminate Hall-Scott Motor Car Company profits from inventories of ACF-Brill Motors Company.

All intercompany accounts and transactions between the consolidated companies have been eliminated in the accompanying consolidated financial statements.

The wholly-owned subsidiary not consolidated, Cie J. G. Brill located in Paris, France, is in process of liquidation and its remaining net assets at July 31, 1947 are not significant. The Company's investment in and advances to this subsidiary are carried at no value on the Company's books after deduction of reserves. The Company has reserved in full, by charge to income, for advances made to the subsidiary in connection with its liquidation aggregating \$10,514 in 1946 and \$3,500 during the seven months ended July 31, 1947 and these amounts are considered to approximate the liquidation losses sustained by the subsidiary during such periods.

### Note 3:

In 1946 the Company restated from 1922 appraised value to original cost all property, plant and equipment acquired prior to October 1, 1922. The effect of this restatement was to reduce property, plant and equipment by \$1,456,007 (of which \$344,679 applied to land) and the related reserves for depreciation by \$612,032, the net reduction of \$843,975 being charged to capital surplus arising from recapitalization as of July 31, 1944. The effect of the restatement was also to reduce the provision for depreciation charged to income by approximately \$65,000 for the year 1946 and by approximately \$40,000 for the seven months ended July 31, 1947.

### Note 4:

Depreciation of cost of property, plant and equipment (other than emergency facilities) has been provided on the "straight-line" basis over the estimated useful lives of the various classes of depreciable assets. The annual rates used during the three years and seven months ended July 31, 1947 for the principal asset classifications were as follows:

Buildings .....	3% and 3-1/3%
Building improvements .....	4% and 5%
Machinery and equipment.....	5% to 10%
Furniture and office equipment.....	6-2/3% and 10%
Automobiles and trucks.....	20%

Depreciation of appraisal appreciation of buildings, machinery, and equipment at the Company's plant in Philadelphia, Pa., based on an appraisal thereof as of October 1, 1922, was provided during 1945 and prior years on a basis which would result in such appreciation being fully depreciated over the approximate life of the appraised assets. As a result of the restatement made in 1946 to reduce such assets from appraised value to original cost (see Note 3) depreciation of appraisal appreciation was not provided subsequent to 1945.

In 1944 the depreciation provision made by the consolidated subsidiary Hall-Scott Motor Car Company included \$116,548 (of which \$33,579 applied to land) which eliminated the appraisal appreciation remaining at December 31, 1943 from a prior appraisal of this subsidiary's plant in Berkeley, California.

Emergency facilities acquired for war production (aggregating \$142,621 at July 31, 1947) were amortized in full over the period from dates of acquisition (in 1943 and 1944) to September 30, 1945.

The Company and its subsidiaries follow the policy of capitalizing expenditures for expansion of plant facilities and also expenditures which materially increase the life of the plant. Expenditures for maintenance and repairs are charged to income as incurred.

At the time an item of property, plant and equipment is sold or retired, the reserves for depreciation and amortization are charged with the accrued depreciation or amortization applicable to such item and the difference between the net book value and proceeds from sale or retirement is charged or credited to income.

### Note 5:

The Company and its subsidiaries follow the policy of deferring the cost of jigs, dies, tools, and patterns applicable to new models of buses, engines, etc., and amortizing same by charge to income over the periods during which the new models are sold. The amortization is computed on a "per unit" basis determined by relating the estimated total number of units of the various models expected to be sold to the total cost of jigs, dies, tools, and patterns applicable to the respective models.



## NOTES TO FINANCIAL STATEMENTS—(Continued)

### Note 6:

Under the terms of the Trust Indenture relating to its outstanding six per cent income debentures the Company is required to pay in each year six per cent interest on the debentures to the extent of the available net income of the Company (as defined in the Trust Indenture) for the immediately preceding calendar year (any interest not currently paid to be payable on or before maturity or redemption of the debentures) and to set aside in each year as a sinking fund for retirement of the debentures 20% of the available net income of the Company (as defined in the Trust Indenture) for the immediately preceding calendar year. The Company is not required, however, to make interest or sinking fund payments which would reduce the consolidated net current assets below \$5,000,000. So long as any debentures are outstanding the proceeds from exercise of warrants on common stock shall be used for the purchase or redemption of debentures.

### Note 7:

Deficit, merger adjustments, and restatement of property, plant and equipment from 1922 appraised value to original cost aggregating \$8,710,978 for the Company and \$10,308,727 for the Company and consolidated subsidiaries have been charged to capital surplus arising from recapitalization as of July 31, 1944.

### Note 8:

Profits on instalment sales are taken into income at the time of sale.

### Note 9:

During the years 1944 and 1945 the consolidated subsidiary, Hall-Scott Motor Car Company, had in effect a bonus arrangement providing for the payment to its officers and employees of additional compensation. The amount of such additional compensation to employees and officers other than the President of this subsidiary was fixed by the President and the additional compensation to the President was fixed by the Chairman of the Board of Directors of the subsidiary. The total of such additional compensation amounted for the year 1944 to \$366,475 and for the year 1945 to \$291,976. The aforementioned bonus arrangement was terminated as of January 1, 1946.

### Note 10:

The sales and net income of the Company and its subsidiaries for the years 1944 and 1945 resulted, for the most part, from war contracts.



# ACF-BRILL MOTORS COMPANY AND SUBSIDIARIES

## SUPPLEMENTARY PROFIT AND LOSS INFORMATION

For the three years and seven months ended July 31, 1947

	Charged Directly to Income		Total
	To Cost of Sales	To Other Accounts	
<b>Year Ended December 31, 1944:</b>			
Maintenance and repairs.....	\$ 621,235	\$ 14,983	\$ 636,218
Depreciation and amortization of property, plant, and equipment (Note 1)	\$ 468,462	\$ 7,092	\$ 475,554
Amortization of jigs, dies, tools, and patterns.....	\$ 11,702	\$ —	\$ 11,702
Taxes, other than income and excess profits taxes (Note 2):			
Social security taxes.....	\$ 162,194	\$ 11,730	\$ 173,924
Real estate and personal property taxes.....	61,226	3,893	65,119
Federal capital stock, state corporate, and miscellaneous taxes.....	1,015	169,176	170,191
	\$ 224,435	\$ 184,799	\$ 409,234
Management and service contract fees.....	\$ —	\$ —	None
Rents .....	\$ 22,929	\$ 9,737	\$ 32,666
Royalties .....	\$ —	\$ —	None
<b>Year Ended December 31, 1945:</b>			
Maintenance and repairs.....	\$ 696,723	\$ 10,105	\$ 706,828
Depreciation and amortization of property, plant, and equipment (Note 1)	\$ 327,269	\$ 7,740	\$ 335,009
Amortization of jigs, dies, tools, and patterns.....	\$ 9,445	\$ —	\$ 9,445
Taxes, other than income and excess profits taxes (Note 2):			
Social security taxes.....	\$ 141,095	\$ 11,938	\$ 153,033
Real estate and personal property taxes.....	64,069	1,961	66,030
Federal capital stock, state corporate, and miscellaneous taxes.....	551	112,553	113,104
	\$ 205,715	\$ 126,452	\$ 332,167
Management and service contract fees.....	\$ —	\$ —	None
Rents .....	\$ 12,562	\$ 9,442	\$ 22,004
Royalties .....	\$ —	\$ —	None
<b>Year Ended December 31, 1946:</b>			
Maintenance and repairs.....	\$ 1,005,790	\$ 10,729	\$ 1,016,519
Depreciation of property, plant, and equipment.....	\$ 230,435	\$ 6,666	\$ 237,101
Amortization of jigs, dies, tools, and patterns.....	\$ 353,533	\$ —	\$ 353,533
Taxes, other than income and excess profits taxes (Note 2):			
Social security taxes.....	\$ 99,192	\$ 22,313	\$ 121,505
Real estate and personal property taxes.....	63,748	3,759	67,507
State corporate and miscellaneous taxes.....	182	144,939	145,121
	\$ 163,122	\$ 171,011	\$ 334,133
Management and service contract fees.....	\$ —	\$ —	None
Rents .....	\$ 2,187	\$ 22,020	\$ 24,207
Royalties .....	\$ —	\$ —	None
<b>Seven Months Ended July 31, 1947:</b>			
Maintenance and repairs.....	\$ 575,093	\$ 7,540	\$ 582,633
Depreciation of property, plant, and equipment.....	\$ 129,603	\$ 10,449	\$ 140,052
Amortization of jigs, dies, tools, and patterns.....	\$ 328,927	\$ —	\$ 328,927
Taxes, other than income and excess profits taxes (Note 2):			
Social security taxes.....	\$ 127,137	\$ 19,560	\$ 146,697
Real estate and personal property taxes.....	36,520	3,834	40,354
State corporate and miscellaneous taxes.....	1,314	8,153	9,467
	\$ 164,971	\$ 31,547	\$ 196,518
Management and service contract fees.....	\$ —	\$ —	None
Rents .....	\$ 4,902	\$ 10,112	\$ 15,014
Royalties .....	\$ —	\$ —	None

### NOTES:

- Includes amortization of emergency facilities covered by "necessity certificates" as follows (see Note 4 to the financial statements):
 

Year ended December 31, 1944.....	\$72,295
Year ended December 31, 1945.....	53,410
- Exclusive of Federal excise taxes on sales of products.
- The aggregate annual rentals on all real property leased by the Company and its subsidiaries for terms expiring after July 31, 1950 are not significant in amount.



Total  
636,218  
475,554  
11,702

173,924  
65,119  
170,191  
409,234  
None

\$ 32,666  
None

\$ 706,828  
\$ 335,009  
\$ 9,445

\$ 153,033  
66,030  
113,104  
\$ 332,167  
None  
\$ 22,004  
None

\$1,016,519  
\$ 237,101  
\$ 353,533

\$ 121,505  
67,507  
145,121  
\$ 334,133  
None  
\$ 24,207  
None

\$ 582,633  
\$ 140,052  
\$ 328,927

\$ 146,697  
40,354  
9,467  
\$ 196,518  
None  
\$ 15,014  
None

Note 4 to the

terms expiring







# Proxy—Special Meeting of Stockholders of CONSOLIDATED VULTEE AIRCRAFT CORPORATION

KNOW ALL MEN BY THESE PRESENTS, that the undersigned stockholder of Consolidated Vultee Aircraft Corporation, a Delaware corporation (hereinafter called "Consolidated") hereby constitutes and appoints Irving B. Babcock, Harry Woodhead, I. M. Laddon, Rudolph H. Deetjen and C. Coburn Darling, and each of them, the true and lawful attorneys, agents and proxies of the undersigned, with full power of substitution to each of them, for and in the name, place and stead of the undersigned to vote all of the shares of stock of Consolidated which the undersigned would be entitled to vote if personally present at the Special Meeting of Stockholders of Consolidated to be held at the general offices of Consolidated, San Diego, California, on November 6, 1947, at nine o'clock A.M., Pacific Standard Time, or at any adjournment or adjournments thereof with all the powers the undersigned would possess if personally present:

1. For ☐, or against ☐ the adoption of an Agreement of Sale between Consolidated, The Nashville Corporation and Avco Manufacturing Corporation, Exhibit "A" to the Proxy Statement accompanying the Notice of Special Meeting of Stockholders dated October 16, 1947 and the authorization of the officers and directors of Consolidated to take all action necessary or desirable to carry out said Agreement including the offering for subscription and sale of stock of The Nashville Corporation.

2. After said Agreement of Sale has become effective, for the election of nine directors to fill the vacancies caused by the resignation of nine directors, said newly elected directors to hold office until the next Annual Meeting of Stockholders or until their successors are elected and qualified. The names of the nominees for such directors are set forth in the Proxy Statement accompanying the Notice of Special Meeting of Stockholders dated October 16, 1947, copies of which have been received by the undersigned.

3. To take action upon such other matters as may properly come before the meeting or any adjournment or adjournments thereof; hereby ratifying and confirming all that said attorneys, agents or proxies, and each of them, or their substitute or substitutes, may do in and about the premises by virtue thereof.

Unless directed to the contrary herein, the attorneys and proxies appointed herein, or their substitute or substitutes, are hereby authorized and empowered by the undersigned to vote for the adoption of said Agreement of Sale, and the authorization of the directors and officers of Consolidated as set forth above, and for the election of the nine directors whose names are set forth as nominees in the aforesaid Proxy Statement.

A majority of said attorneys, agents and proxies or their substitutes who shall be present and shall act at said meeting or any adjournment or adjournments thereof (or if only one shall be present and act then that one) shall have and may exercise all the powers of said attorneys, agents and proxies hereunder.

The undersigned does hereby further confer upon the attorneys and proxies appointed herein, or their substitute or substitutes, discretionary authority to vote in respect of all other matters which may properly be presented for action to the meeting. The undersigned hereby revokes any proxy or proxies heretofore given to vote said shares.

Dated this ..... day of ....., 1947.

.....

Stockholders who are present at the meeting may withdraw their proxy and vote, if they so desire, in person. When signing as attorney, administrator, trustee or guardian, please give your full title as such.



Stockholders who are present at the meeting may withdraw their proxy and vote if they so desire in person. When acting as attorney, agents, and vote if they so desire in person. When acting as attorney, agents, and vote if they so desire in person.

proxy or proxies heretofore given to vote said shares.

The undersigned does hereby further confer upon the attorneys and proxies appointed herein or their substitute or substitutes, discretion to adjournment thereof for it only one shall be present and act then that one) shall have and may exercise all the powers of said attorneys, agents and proxies heretofore.

A majority of said attorneys, agents and proxies or their substitutes who shall be present and shall act at said meeting or any adjournment and empowered by the undersigned to vote for the adoption of said Agreement of Sale and the authorization of the directors and officers of Consolidated.

Witness directed to the contrary herein, the attorneys and proxies appointed herein or their substitute or substitutes are hereby authorized and empowered to do all things and to do all things which may be necessary or proper to carry out and effect the purposes of this instrument.

To take action upon such other matters as may properly come before the meeting or any adjournment or substitute thereof, hereby authorized and empowered to do all things and to do all things which may be necessary or proper to carry out and effect the purposes of this instrument.

The undersigned hereby certifies that the foregoing is a true and correct copy of the original instrument as the same appears from the records of the undersigned.

Witness my hand and seal of office this 14th day of March, 1943, at New York City, New York.

Notary Public in and for the State of New York.

My commission expires on the 14th day of March, 1944.

Special Meeting of Stockholders of Consolidated Aircraft Corporation



EXHIBIT "C"

Consists of

Envelope 3-7/8 x 8-7/8"

addressed to

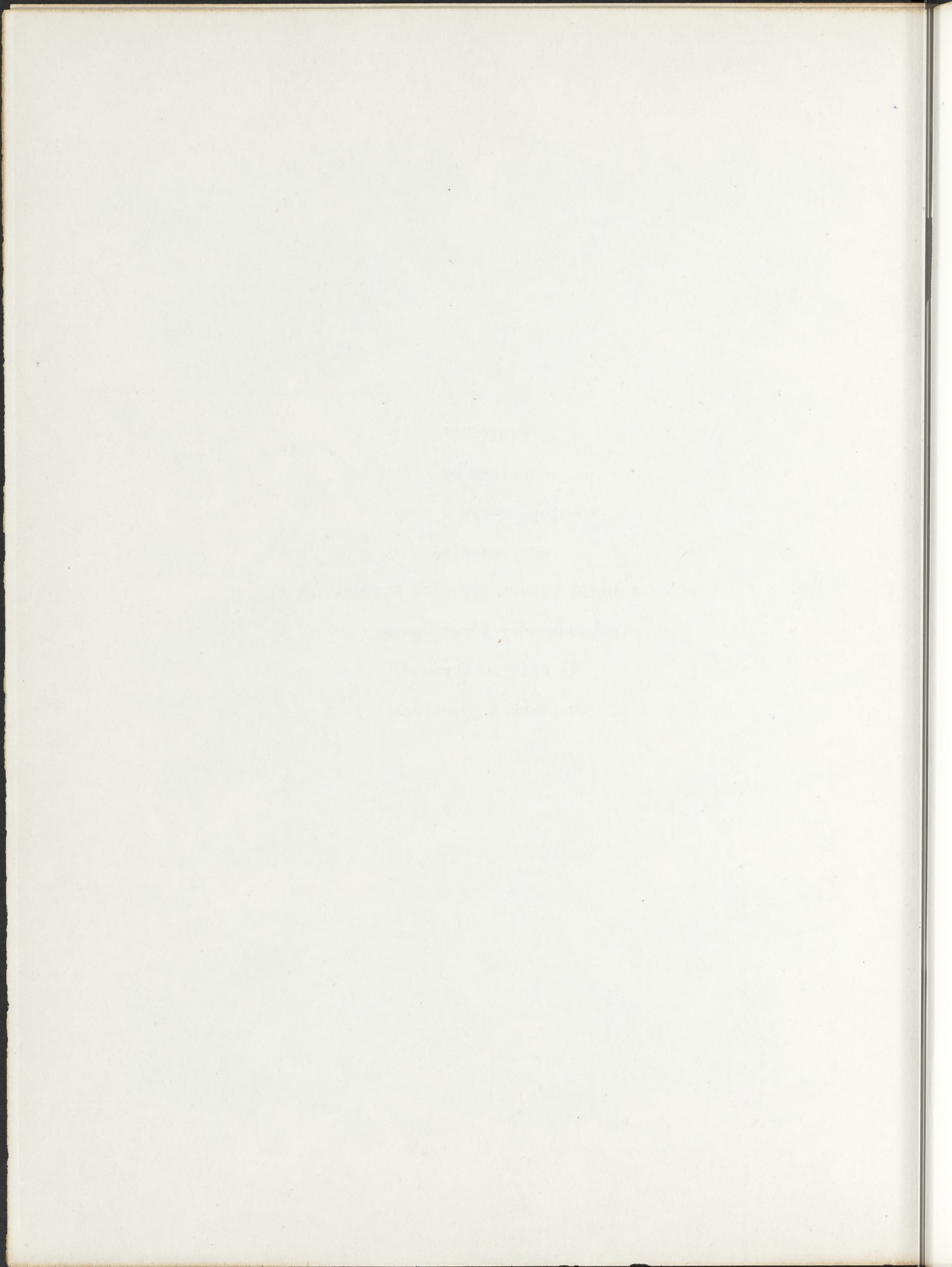
CONSOLIDATED VULTEE AIRCRAFT CORPORATION

c/o Schroder Trust Company

46 William Street

New York 5, New York







CONSOLIDATED VULTEE AIRCRAFT CORPORATION

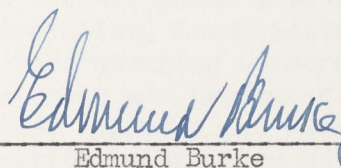
OATH OF JUDGES FOR CONDUCTING THE VOTING BY  
BALLOT AT THE

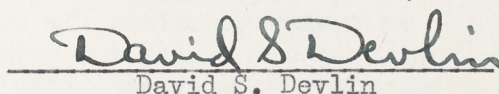
SPECIAL MEETING OF STOCKHOLDERS

NOVEMBER 6, 1947

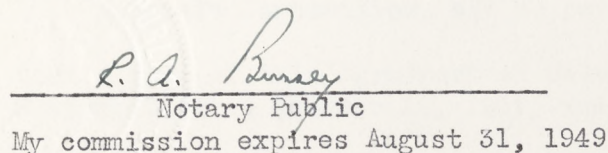
STATE OF CALIFORNIA )  
COUNTY OF SAN DIEGO ) ss.

We, Edmund Burke and David S. Devlin, duly  
appointed judges for conducting the vote by ballot at this Special  
Meeting of the holders of the Common Stock of Consolidated Vultee  
Aircraft Corporation, held this 6th day of November, 1947, do solemnly  
swear that we will faithfully and impartially perform our duties and  
will faithfully and diligently take charge of the ballots, proxies,  
and polls, and decide upon the qualification of voters, the validity  
of proxies, and the acceptance of or rejection of votes, canvass the  
votes cast, and honestly and truthfully report the results thereof,  
in accordance with the law and the By-laws and the Certificate of  
Incorporation of said corporation.

  
Edmund Burke

  
David S. Devlin

Subscribed and sworn to before  
me this 6th day of November, 1947

  
Notary Public  
My commission expires August 31, 1949







CERTIFICATE AND REPORT OF JUDGES OF ELECTION

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SAN DIEGO )

That we attended said Special Meeting of the holders of the Common Stock of the corporation for the purpose aforesaid, and having taken an oath to conduct the vote by ballot did enter upon the performance of our duties as Judges; that at said stockholders' meeting, stockholders holding more than a majority of the Common Stock entitled to vote were present in person or by proxy; that out of a total of 1,570,180 shares of the Common Stock issued and outstanding and entitled to vote as of the close of business on October 14, 1947, the date of record for determining the stockholders entitled to notice of and to vote at said meeting, we did receive the votes of the stockholders by ballot with respect to the adoption or rejection of the following resolution:

that a copy of this Agreement of Sale was contained in the company's Proxy Statement dated October 16, 1947, and that the result of the balloting for





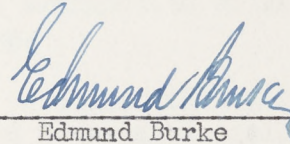


11/6/47

or against the adoption of said resolution was as follows:

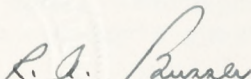
	<u>Number of Shares Voted</u>
For the adoption of the Agreement of Sale dated October 3, 1947	<u>1,018,451</u>
Against the adoption of the Agreement of Sale dated October 3, 1947	<u>17,668</u>

We further certify that said resolution was duly adopted by the votes of the holders of more than 64% of the outstanding stock of the corporation.

  
Edmund Burke

  
David S. Devlin

Subscribed and sworn to before  
me this 6th day of November, 1947

  
\_\_\_\_\_  
Notary Public  
In and for the County of San Diego,  
State of California.  
My commission expires August 31, 1949







November 12, 1947

To:	George E. Allen	Rudolph H. Deetjen
	Neal Dow Becker	Victor Emanuel
	Francis A. Callery	J. Mason Houghland
	C. Coburn Darling	R. S. Pruitt

Mr. Babcock has instructed me to notify you that a special meeting of the Board of Directors of this company will be held at 9:30 a.m., Pacific Standard Time, on Thursday, November 20, 1947, at the offices of the company in San Diego for the transaction of such business as may properly come before the meeting.

Mr. Odlum has asked me to invite you to attend the meeting of the new Board of Directors which will be held immediately following the adjournment of the stockholders meeting on November 20, 1947.

Transportation will be provided on company airplane AM-927 leaving LaGuardia Field, New York, at 9:00 a.m., Eastern Standard Time, on Tuesday, November 18, 1947, stopping at Dayton, and then proceeding to Fort Worth for an overnight stop. The airplane will leave Fort Worth on Wednesday morning, November 19, and will arrive in San Diego shortly after noon. Overnight accommodations will be provided Tuesday evening at the company's guest house at Fort Worth.

Return transportation to New York will be provided by company airplane AM-927 which will leave San Diego at 9:00 a.m., Saturday morning, November 22, 1947.

Please use the accompanying copy of this letter to tell us whether you will attend the meeting. Will you also indicate whether you want us to make a hotel reservation for you in San Diego.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms:ml  
enclosure



November 12, 1947

Mr. J. Edgar Hoover  
Federal Bureau of Investigation  
Washington, D. C.

Mr. J. Edgar Hoover  
Federal Bureau of Investigation  
Washington, D. C.

The enclosed are herewith being furnished to you for your information. The enclosed are copies of the report of the Special Agent in Charge, New York, dated November 10, 1947, and the report of the Special Agent in Charge, Chicago, dated November 11, 1947.

Very truly yours,  
J. Edgar Hoover  
Director

Enclosed for the Bureau are two copies of the report of the Special Agent in Charge, New York, dated November 10, 1947, and the report of the Special Agent in Charge, Chicago, dated November 11, 1947. The enclosed are copies of the report of the Special Agent in Charge, New York, dated November 10, 1947, and the report of the Special Agent in Charge, Chicago, dated November 11, 1947.

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J. Edgar Hoover  
Director

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Very truly yours,

J. Edgar Hoover

J. Edgar Hoover

Enclosed



November 12, 1947

To: John Hertz  
Louis A. Johnson

Donald N. McDonnell

Mr. Babcock has instructed me to notify you that a special meeting of the Board of Directors of this company will be held at 9:30 a.m., Pacific Standard Time, on Thursday, November 20, 1947, at the offices of the company in San Diego for the transaction of such business as may properly come before the meeting.

Mr. Odum has instructed me to notify you that a meeting of the new directors will be held at the offices of the company in San Diego for the transaction of such business as may properly come before the meeting, immediately following the adjournment of the stockholders meeting called for 11:30 a.m., Pacific Standard Time, on Thursday, November 20, 1947.

Transportation will be provided on company airplane AM-927 leaving LaGuardia Field, New York, at 9:00 a.m., Eastern Standard Time, on Tuesday, November 18, 1947, stopping at Dayton, and then proceeding to Fort Worth for an overnight stop. The airplane will leave Fort Worth on Wednesday morning, November 19, and will arrive in San Diego shortly after noon. Overnight accommodations will be provided Tuesday evening at the company's guest house at Fort Worth.

Return transportation to New York will be provided by company airplane AM-927, which will leave San Diego at 9:00 a.m., Saturday morning, November 22, 1947.

Please use the accompanying copy of this letter to tell us whether you will attend the meeting. Will you also indicate whether you want us to make a hotel reservation for you in San Diego.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

WMS:WS  
enclosure



January 11, 1947

My dear Mr. [illegible]

Very truly  
yours,

W. E. B. [illegible]

The enclosed letter is being sent to you in order that you may be kept advised of the progress of the work of the [illegible] Commission. It is hoped that the Commission will be able to complete its report by the end of the year.

The Commission has been very busy since it was organized in January, 1946. It has held many meetings and has received many suggestions from the public. It is hoped that the Commission will be able to complete its report by the end of the year.

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Very truly  
yours,

W. E. B. [illegible]

Enclosed for you are [illegible]

W. E. B. [illegible]

January 11, 1947



November 12, 1947

To:	William A. Blees	V. C. Schorlemmer
	I. M. Laddon	R. B. Watts
	Joseph H. Rosenberg	Harry Woodhead

Mr. Babcock has instructed me to notify you that a special meeting of the Board of Directors of this company will be held at 9:30 a.m., Pacific Standard Time, on Thursday, November 20, 1947, at the offices of the company in San Diego for the transaction of such business as may properly come before the meeting.

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Please use the accompanying copy of this letter to tell us whether you will attend the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms:ml  
enclosure



November 15, 1947

W. J. Harrison  
R. E. Smith  
Harry Johnson

William J. Harrison  
R. E. Smith  
Harry Johnson

W. J. Harrison has indicated as to what he has done in the past and what he intends to do in the future. He has indicated that he will be in the office of the company in the future and that he will be in the office of the company in the future.

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Very truly yours,

W. J. Harrison

W. J. Harrison

W. J. Harrison



November 12, 1947

To: C. E. Groesbeck  
Ben O. Howard  
Sydney R. Inch

Emmett A. McCabe  
William C. Rockefeller

Mr. Odlum has instructed me to notify you that a meeting of the new directors will be held at the offices of the company in San Diego for the transaction of such business as may properly come before the meeting, immediately following the adjournment of the stockholders meeting called for 11:30 a.m., Pacific Standard Time, on Thursday, November 20, 1947.

Mr. Babcock has asked me to invite you to attend the meeting of the old Board which will be held at 9:30 a.m., Pacific Standard Time, on Thursday, November 20, 1947.

Please use the accompanying copy of this letter to tell us whether you will attend the meeting.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms :ml  
enclosure



January 1, 1914

My dear Mr. [Name]  
[Address]

Dear Sir,  
[Address]

I have the pleasure to acknowledge the receipt of your letter of the 28th inst. in relation to the [subject] and in reply to inform you that the same has been forwarded to the proper authorities for their consideration. I am sure that they will give it the attention it deserves and will report to you as soon as possible. I am, Sir, very respectfully,  
Yours truly,  
[Signature]

[Name]  
[Title]  
[Address]

[Name]  
[Title]  
[Address]



November 12, 1947

To:           Oswald L. Johnston                               George H. Shaw  
              Richard C. Patterson, Jr.

Mr. Odium has instructed me to notify you that a meeting of the new directors will be held at the offices of the company in San Diego for the transaction of such business as may properly come before the meeting, immediately following the adjournment of the stockholders meeting called for 11:30 a.m., Pacific Standard Time, on Thursday, November 20, 1947.

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Return transportation to New York will be provided by company airplane AM-927, which will leave San Diego at 9:00 a.m., Saturday morning, November 22, 1947.

Please use the accompanying copy of this letter to tell us whether you will attend the meeting. Will you also indicate whether you want us to make a hotel reservation for you in San Diego.

Yours truly,

CONSOLIDATED VULTEE AIRCRAFT CORPORATION

W. M. Shanahan, Secretary

wms:ml  
enclosure



January 15, 1904

Dear Mr. [Name]

Yours of [Date]

has been received

I have been thinking of you very much lately and wondering how you are getting on. I hope you are well and happy. I have been very busy lately, but I have managed to find some time to write to you.

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I have been thinking of you very much lately and wondering how you are getting on. I hope you are well and happy. I have been very busy lately, but I have managed to find some time to write to you.

Very truly,

[Signature]

[Address]

Yours truly,  
[Signature]



MINUTES OF THE SPECIAL MEETING  
OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD AT 9:30 A.M., THURSDAY, NOVEMBER 20, 1947

A special meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation was held at the general office of the company in San Diego, California, at 9:30 a.m., Pacific Standard Time, on Thursday, November 20, 1947, pursuant to notices duly given to all of the directors in accordance with the requirements of the By-laws. The following directors were present at the meeting and constituted a quorum for the transaction of business:

Irving B. Babcock	Donald N. McDonnell
Francis A. Callery	R. S. Pruitt
C. Coburn Darling	Joseph H. Rosenberg
Louis A. Johnson	V. C. Schorlemmer
I. M. Laddon	Harry Woodhead

Mr. Oswald L. Johnston was also present at the invitation of the Board.

Mr. Irving B. Babcock, Chairman, presided at the meeting, and Mr. W. M. Shanahan, Secretary, recorded the minutes.

1. The Chairman announced that at the special meeting of the stockholders held on November 6, 1947, the stockholders approved a certain Agreement of Sale dated October 3, 1947, between Consolidated Vultee Aircraft Corporation, The Nashville Corporation, and Avco Manufacturing Corporation, which Agreement of Sale covered certain non-aircraft assets of the company, and that the special meeting of the stockholders then adjourned to reconvene at 11:30 a.m., Pacific Standard Time, November 20, 1947, to receive and accept the resignations of 9 directors and elect 9 new directors to fill the vacancies.

2. The Secretary presented the minutes of the meeting of the



The first of these is the fact that the Commission has been established by the Government of the United Kingdom, and that it is a body of independent experts, who are not subject to the control of the Government. This is a very important feature of the Commission, and it is one of the reasons why its findings are so valuable. The second feature is that the Commission has been given a very wide mandate, and it is not limited to the study of the problem of the North Sea. It is also concerned with the problem of the other seas, and it is also concerned with the problem of the atmosphere. This is a very important feature of the Commission, and it is one of the reasons why its findings are so valuable. The third feature is that the Commission has been given a very long time to complete its work, and it is not under any pressure to complete its work in a short time. This is a very important feature of the Commission, and it is one of the reasons why its findings are so valuable.

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11/20/47

Board of Directors held on October 3, 1947, and the minutes of the Executive Committee of the Board of Directors held on October 14, 1947. After due consideration, the minutes of these meetings were approved as recorded.

3. The Chairman then announced that Mr. Floyd B. Odium had invited those members of the Board of Directors whose resignations would be tendered at the meeting of the stockholders of the company to be held later in the day, to attend the meeting of the new Board of Directors which would be held immediately following the adjournment of the meeting of the stockholders of the company.

4. The Chairman next announced that the Medal for Merit had recently been awarded to Mr. John Hertz for his outstanding service to the country throughout the war. The Citation, signed by the President of the United States, of which the following is a copy, was then exhibited to the directors:

CITATION TO ACCOMPANY THE AWARD OF

THE MEDAL FOR MERIT

TO

JOHN DANIEL HERTZ

JOHN DANIEL HERTZ, for exceptionally meritorious conduct in the performance of outstanding services to the United States throughout the period of the recent war. Mr. Hertz, as Chairman of the Hertz Committee on Automotive Maintenance and as assistant to the Under Secretary of War, investigated and reported on vehicular procurement and maintenance and airplane manufacture manpower problems. In these capacities and by his unusual ability, resourcefulness, untiring energy and knowledge of wide fields of endeavor, he contributed substantially to the solution of problems of extreme importance to the Army at a critical time. Mr. Hertz made personal inspections in field operations gathering invaluable data which was used effectively by the Army in the war effort.

(signed) Harry S. Truman

THE WHITE HOUSE

July 16, 1947







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5. It was then announced that in accordance with the award of an arbitrator resulting from arbitration proceedings under the auspices of the American Arbitration Association, the contract dated December 13, 1946, between the company and the Crosley Division of The Aviation Corporation (now Avco Manufacturing Corporation) for the manufacture of Frostmasters was amended by a supplemental agreement dated November 3, 1947, which was duly executed by officers of the company. Among other things, this supplemental agreement increased the unit price of aluminum Frostmasters shipped after September 15, 1947, by \$1.00 each, reduced the minimum quantity of Frostmasters required to be purchased by Avco Manufacturing Corporation from 100,000 a year to 25,000 and from 25,000 in any quarterly period to 5,000, reduced the maximum quantity of finished Frostmasters required to be stored by Consolidated Vultee Aircraft Corporation from 10,000 to 3,000, and requires Avco Manufacturing Corporation to pay for all special Frostmaster tooling not amortized prior to November 1, 1948.

After full discussion and consideration, and upon a motion made and unanimously carried, the action of the officers of the company in executing the certain supplemental agreement dated November 3, 1947, between the company and the Crosley Division of Avco Manufacturing Corporation was ratified and approved.

6. Mr. Pruitt next stated that since the company had sold the Nashville Division and all other company-owned assets in the State of Tennessee and had discontinued doing business in that state, the officers of the company had filed a Certificate of Withdrawal of the company from that state.







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After discussion, upon a motion made and unanimously carried, the action of the officers of the company in executing and filing a Certificate of Withdrawal of the company from the State of Tennessee was ratified and approved.

7. The financial statements prepared by the Controller, including the Consolidated Balance Sheet at August 31, 1947, and Statements of Consolidated Income and Surplus for the 9 months ended August 31, 1947; and the Consolidated Balance Sheet at September 30, 1947, and Statements of Consolidated Income and Surplus for the 10 months ended September 30, 1947, were then received, discussed, and thereupon accepted and ordered filed.

8. A proposed press release covering the loss sustained by the company during the 9-month period ended August 31, 1947, and a proposed letter dated November 20, 1947, signed by Mr. Irving B. Babcock, Chairman of the Board, which was to be sent to the stockholders of the company, were next presented.

After full discussion and consideration, the proposed press release and the proposed letter addressed to the stockholders of the company were approved, and the officers of the company were authorized and instructed to release the proposed press release and to have the proposed letter addressed to the stockholders of the company printed and mailed to all current stockholders of the company.

9. Mr. Woodhead then reported on the operating conditions at the San Diego, Fort Worth, and Stinson Divisions. He stated that the Model XC-99 airplane would make its first flight on Sunday, November 23, 1947. He also reported on the backlog of orders and stated that the







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Model XB-46 airplane had been accepted by the Army on November 7, 1947.

10. A report on the current labor situation at the various divisions was next presented and discussed.

11. Mr. Laddon then reported on the progress being made on new projects. He stated that the delay in meeting the delivery schedule for the Model 240 airplane is largely due to the usual difficulties encountered in the production of a new model.

He also stated that the roadable airplane had a satisfactory first flight of about 78 minutes and crashed on the second flight because it ran out of gas at the end of 70 minutes. He further stated that, while the roadable section of this airplane was badly damaged, the damage to the flight section was less extensive.

12. A proposal for an increase of \$100,000 in the amount required to carry the roadable airplane project through November 30, 1947, was next presented. Mr. Schorlemmer submitted a copy of a letter dated October 24, 1947, which was sent to each director, outlining the need for this additional appropriation, and explained that after securing informal approval of the majority of the Board the management had proceeded with the expenditure of this money without a formal appropriation, but now desired to have the appropriation approved.

After discussion, upon a motion unanimously carried, the additional appropriation of \$100,000 to carry the roadable airplane project through November 30, 1947, was duly approved.

13. A proposal to amend the company's retirement plan to include an optional cash refund annuity clause in the Group Annuity Contract which the company has with the Equitable Life Assurance Society







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of the United States was then presented. After full discussion and consideration, a motion unanimously carried authorized and instructed the officers of the company to execute an amendment to the Group Annuity Contract by adding the following clause to Section I, Sub-section B, Paragraph (1) of that contract:

(d) Cash Refund Annuity: The Cash Refund Annuity provides monthly payments to the employee, the first payment becoming due upon the employee's retirement date, provided he is then living, and subsequent payments continuing during his lifetime. The annuity will terminate with the last payment preceding his death, but if at such death the sum of the annuity payments which shall become due hereunder with respect to the employee prior to his death is less than the amount of death benefit which would have been payable under the provision hereof entitled "Death Benefit" had the employee's death occurred immediately prior to his retirement date, the Equitable upon receipt of due proof of the employee's death, will pay to the beneficiary an amount equal to the excess of such death benefit over such sum of annuity payments.

14. Mr. Laddon next reported that numerous changes in specifications and other unavoidable developments had resulted in delays in obtaining from the Civil Aeronautics Board a Certificate of Airworthiness for the Model 240 airplanes and in the scheduled deliveries of the same to certain customers; also, that it was now indicated that the Model 240 airplanes would not be able to meet all of the performance specifications contained in the contracts with American Airlines and some of the other customers, and that because of these deficiencies it might be necessary to make some concessions as to the price of the airplanes which are to be delivered. The airplanes are overweight and in the case of American Airlines, Inc., with the surplus engines which American Airlines is providing in accordance with the contract, may not on certain runs carry the pay loads which were contemplated or be able to land and take off from some of the intermediate fields whereon American Airlines expected







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to use this new equipment.

Mr. Laddon also stated that Pan American Airways, Inc., and Western Air Lines, Inc., had indicated that they were willing, in consideration of a reduction in the price of certain incompletd planes which could be delivered in their present state of completion prior to November 30, 1947, to consent to a change in the weight and performance specifications and "firm up" the contracts upon a realistic basis, and that it was hoped that a similar arrangement could be made with American Airlines, Inc., with respect to the twenty-four Model 240 airplanes now nearing completion. He asked that the officers of the corporation be authorized to negotiate such a settlement with American Airlines, Inc., Pan American Airways, Inc., Western Air Lines, Inc., and other customers for the purpose of modifying the existing contracts, changing the delivery dates and weight and performance specifications so that the contracts as modified would provide for the delivery of airplanes at dates and in accordance with weight and performance specifications which this corporation will be able to meet and which the customers will be obligated to accept.

After full discussion and consideration, the officers of the corporation were authorized and instructed to carry on such negotiations with American Airlines, Inc., Pan American Airways, Inc., Western Air Lines, Inc., and other customers, to agree upon new delivery dates and specifications as to weight and performance of the Model 240 airplanes, to arrange with said customers to accept delivery of certain incompletd airplanes in their present state in consideration of a concession of price of the same and in connection with an agreement on the part of



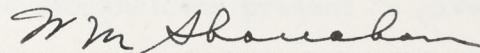





11/20/47

this corporation to finish up said airplanes in accordance with the revised specifications, and to execute all necessary documents, and to take such other action as may be necessary or required to "firm up" said contracts so that the same as modified will provide for the sale and delivery of airplanes which this corporation will be able to deliver and in order that the customers who have contracted to purchase the same may be firmly obligated to accept delivery in accordance with a revised schedule of deliveries.

15. There being no further business to come before the meeting, it was thereupon adjourned.

  
W. M. Shanahan, Secretary

Approved:

  
Irving B. Babcock, Chairman







MINUTES OF THE ADJOURNED SPECIAL MEETING OF STOCKHOLDERS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD THURSDAY, NOVEMBER 20, 1947

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The adjourned special meeting of the stockholders of Consolidated Vultee Aircraft Corporation, a Delaware Corporation, was held at the general offices of the corporation, San Diego, California, on Thursday, November 20, 1947, at 11:30 a.m., Pacific Standard Time, pursuant to the By-laws and in accordance with a resolution which was adopted at the special meeting of the stockholders held on November 6, 1947.

Mr. Irving B. Babcock, Chairman of the Board, presided as Chairman of the meeting. Mr. W. M. Shanahan, Secretary of the corporation, recorded the minutes.

1. The Chairman requested the stockholders present to give their names to the Secretary if they had not already done so, and also stated that if any stockholder present had submitted a proxy and desired to withdraw it and vote in person, he should notify the Secretary immediately.

The Chairman also stated that the Judges of Election, heretofore appointed by the directors of the corporation, had executed the customary oath to faithfully fulfill their duties as Judges of Election and that said document was filed with the minutes of the special meeting of the stockholders held November 6, 1947.

2. The Secretary of the meeting and the Judges of Election then presented a report covering the number of shares represented by the stockholders in person, the number of shares represented by proxy, and the total number of shares represented and entitled to vote, which report stated that there were present, in person or by proxy:







11/20/47

STOCKHOLDERS PRESENT IN PERSON

<u>Name of Stockholder</u>	<u>Number of Shares</u>
None	None

STOCKHOLDERS REPRESENTED BY  
 IRVING B. BABCOCK, HARRY WOODHEAD, I. M. LADDON,  
 AND C. COBURN DARLING, PROXIES  
 AND R. S. PRUITT AND R. B. WATTS,  
 SUBSTITUTE PROXIES FOR R. H. DEETJEN

<u>Name of Stockholder</u>	<u>Number of Shares</u>
Various Stockholders	<u>1,050,534</u>
Total Stockholders present in person or by proxy	<u><u>1,050,534</u></u>

The Chairman accordingly reported that a quorum of the stockholders was present or represented at the meeting, and that the same was legally convened for the transaction of business.

3. The Chairman next presented the resignations of the following directors, effective as of this date:

George E. Allen	Rudolph H. Deetjen
Irving B. Babcock	Victor Emanuel
Neal Dow Becker	J. Mason Houghland
Francis A. Callery	R. S. Pruitt
C. Coburn Darling	

Upon a motion made and unanimously carried, the resignations of Messrs. George E. Allen, Irving B. Babcock, Neal Dow Becker, Francis A. Callery, C. Coburn Darling, Rudolph H. Deetjen, Victor Emanuel, J. Mason Houghland, and R. S. Pruitt as directors were accepted, effective as of this date.

4. The Chairman then stated that directors should be elected to fill the vacancies. Thereupon, the following named persons were nominated for election as directors of the corporation:







11/20/47

C. E. Groesbeck	Floyd B. Odlum
Ben O. Howard	Richard C. Patterson, Jr.
Sydney R. Inch	William C. Rockefeller
Oswald L. Johnston	George H. Shaw
Emmett A. McCabe	

There being no further nominations, the Chairman next announced that it would be in order to proceed with the voting by ballot for the election of directors, and requested the stockholders present in person and persons representing stockholders by proxy to prepare their ballots and submit them to the Secretary and to the Judges of Election.

All stockholders or representatives of stockholders desiring to vote having voted, the Chairman declared the polls closed. The Judges thereupon canvassed the votes cast and presented their report in writing of the results of the election, showing that the following 9 nominees had received the number of votes set opposite their respective names, and no votes had been cast for any other person.

<u>Nominee</u>	<u>No. of Shares</u>
C. E. Groesbeck	1,050,534
Ben O. Howard	1,050,534
Sydney R. Inch	1,050,534
Oswald L. Johnston	1,050,534
Emmett A. McCabe	1,050,534
Floyd B. Odlum	1,050,534
Richard C. Patterson, Jr.	1,050,534
William C. Rockefeller	1,050,534
George H. Shaw	1,050,534

The report of the Judges of Election was thereupon executed and ordered filed with the records of this meeting.

5. The Chairman then announced that Messrs. C. E. Groesbeck, Ben O. Howard, Sydney R. Inch, Oswald L. Johnston, Emmett A. McCabe, Floyd B. Odlum, Richard C. Patterson, Jr., William C. Rockefeller, and George H. Shaw were duly elected directors to serve as such until the



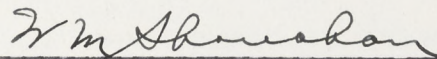




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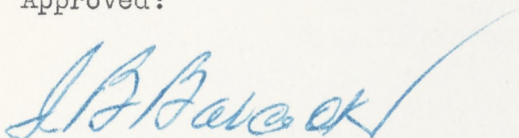
next annual meeting of the stockholders, or until their successors are elected and qualified.

6. There being no further business to come before the meeting, the same thereupon adjourned.



W. M. Shanahan, Secretary

Approved:



Irving B. Babcock, Chairman



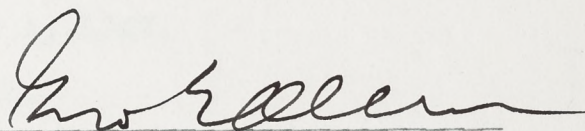




TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.

A handwritten signature in dark ink, appearing to read "Geo E Allen", written over a horizontal line.


George E. Allen



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.

  
George H. Allen

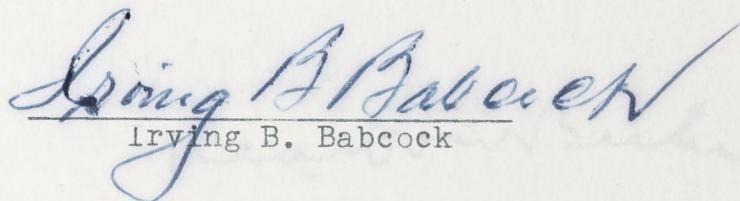




TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vulteed Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

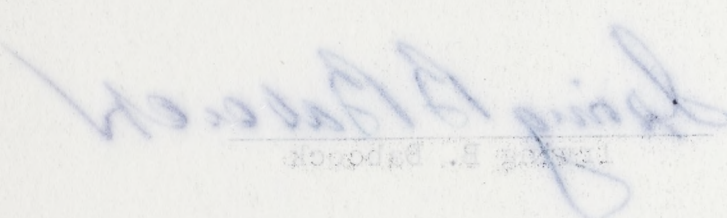
Dated November 6, 1947.

  
Irving B. Babcock



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE MINERAL CORPORATION

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Mineral Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.  
Dated November 6, 1947.

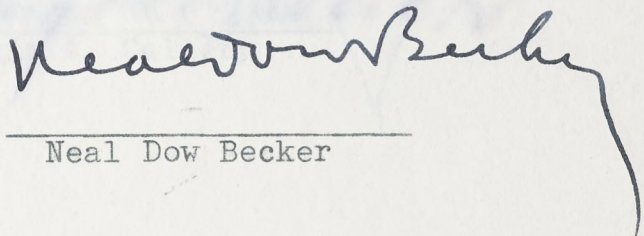
  
Irving A. Babcock



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.

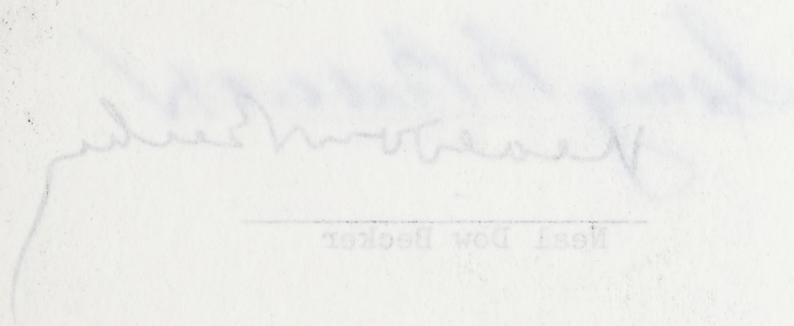
  
\_\_\_\_\_  
Neal Dow Becker



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.

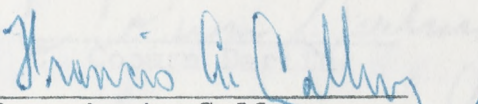
  
Neal Dow Becker



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

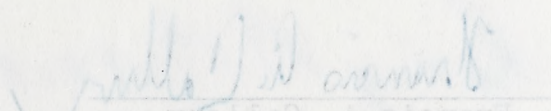
、 Dated November 6, 1947.

  
\_\_\_\_\_  
Francis A. Callery



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED WHITE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated White Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.  
Dated November 6, 1947.

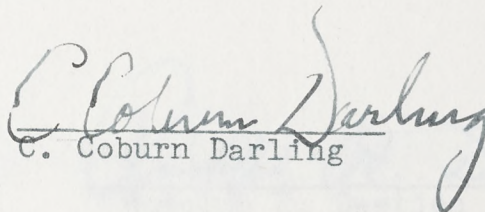
  
Francis A. Collier



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

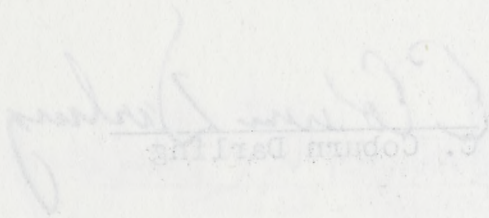
effect Dated November 6, 1947.

  
C. Coburn Darling



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED WHITE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated White Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.  
- Dated November 6, 1947.

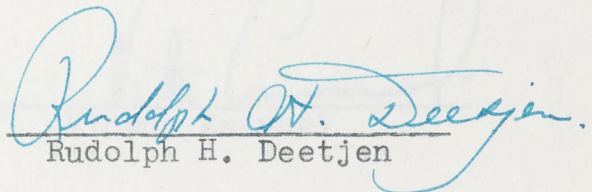
  
C. Coburn Darling



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.


  
Rudolph H. Deetjen



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.

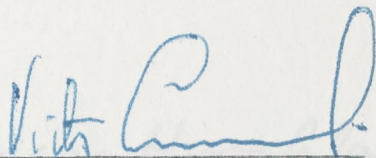
  
Andrew H. Weston



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.


  
\_\_\_\_\_  
Victor Emanuel



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.

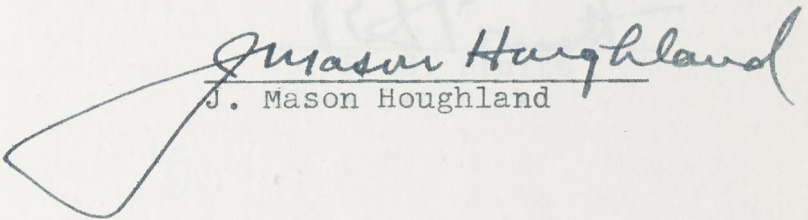
  
Victor Emanuel



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

. Dated November 6, 1947.

  
J. Mason Houghland



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION;

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.

Dated November 6, 1947.

*W. Mason Houghland*  
W. Mason Houghland



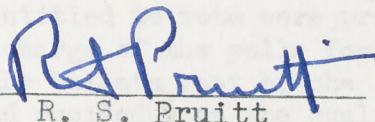
CERTIFICATE AND PROCEEDINGS OF SPECIAL MEETING

NOVEMBER 13, 1947

TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the directors of Consolidated Vultee Aircraft Corporation, and request that such resignation be accepted to take effect not later than December 1, 1947.

Dated November 6, 1947.

  
R. S. Pruitt

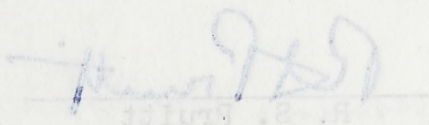
DIRECTORS REPRESENTING COMMON STOCKHOLDERS

<u>Name</u>	<u>No. of Shares for</u>
C. E. Grosbeck	1,000,000
Ben C. Howard	1,000,000
Sydney E. Inch	1,000,000
Donald L. Johnson	1,000,000



TO THE BOARD OF DIRECTORS OF  
CONSOLIDATED VULTEE AIRCRAFT CORPORATION:

I hereby tender my resignation as one of the  
directors of Consolidated Vultee Aircraft Corporation,  
and request that such resignation be accepted to take  
effect not later than December 1, 1947.  
Dated November 6, 1947.

  
R. S. Smith



CERTIFICATE AND REPORT OF JUDGES OF ELECTION

NOVEMBER 20, 1947

STATE OF CALIFORNIA)  
                                  ) SS:  
COUNTY OF SAN DIEGO)

We, the undersigned, Edmund Burke and David S. Devlin, being duly appointed Judges for the purpose of conducting the voting by ballot of the holders of the common stock of Consolidated Vultee Aircraft Corporation at the Special Meeting of stockholders of said corporation, held on November 6, 1947, or at any adjournment or adjournments thereof, which special meeting adjourned to reconvene at 11:30 a.m., Pacific Standard Time, at the offices of the corporation in the City of San Diego, State of California, DO HEREBY CERTIFY:

That we attended the adjourned Special Meeting of the holders of the common stock of the corporation for the purpose aforesaid, and having taken an oath to conduct the vote by ballot for the election of 9 directors of the corporation, did enter upon the performance of our duties as Judges; that at this stockholders' meeting, stockholders holding more than a majority of the common stock entitled to vote were present in person or by proxy; that we as Judges took charge of the polls for the election of directors as aforesaid, received the ballots cast by the stockholders present in person or by proxy, and decided upon the qualifications of voters and the validity of proxies; that out of a total of 1,570,180 shares of common stock issued and outstanding and entitled to vote as of the close of business on October 14, 1947, the date of record for determining the stockholders entitled to notice of and to vote at said meeting, we did receive the votes by ballot for the election of 9 directors, said directors to serve until the next Annual Meeting of the common stockholders or until their successors are elected and qualify, and the following received the number of votes set opposite their respective names:

DIRECTORS REPRESENTING COMMON STOCKHOLDERS

<u>Name</u>	<u>No. of Shares for:</u>
C. E. Groesbeck	1,050,534
Ben O. Howard	1,050,534
Sydney R. Inch	1,050,534
Oswald L. Johnston	1,050,534



THE HISTORY OF THE CITY OF BOSTON

FROM THE FIRST SETTLEMENT TO THE PRESENT TIME

BY SAMUEL JOHNSON

IN TWO VOLUMES

THE first settlement of the city of Boston was made by a company of Puritan ministers and laymen, who, in the year 1630, sailed from England, and landed at the mouth of the Charles River. They were accompanied by a large number of families, and a considerable amount of stock and provisions. The first year was spent in building a fort, and in cultivating the soil. The second year was spent in building a church, and in establishing a school. The third year was spent in building a town, and in establishing a government.

The city of Boston has since that time grown to be one of the most important cities in the United States. It has been the seat of many of our most distinguished statesmen, and has been the birthplace of many of our most important institutions. It has also been the scene of many of our most important events, and has played a prominent part in our history. The city of Boston is now one of the most beautiful and most important cities in the world.

THE HISTORY OF THE CITY OF BOSTON

FROM THE FIRST SETTLEMENT TO THE PRESENT TIME

BY SAMUEL JOHNSON

IN TWO VOLUMES

THE HISTORY OF THE CITY OF BOSTON

FROM THE FIRST SETTLEMENT TO THE PRESENT TIME

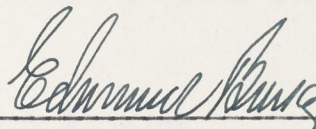
BY SAMUEL JOHNSON

IN TWO VOLUMES

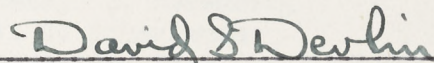


DIRECTORS REPRESENTING COMMON STOCKHOLDERS

<u>Name</u>	<u>No. of Shares for:</u>
Emmett A. McCabe	1,050,534
Floyd B. Odlum	1,050,534
Richard C. Patterson, Jr.	1,050,534
William C. Rockefeller	1,050,534
George H. Shaw	1,050,534

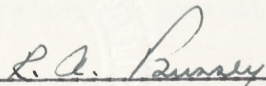


Edmund Burke



David S. Devlin

Subscribed and sworn to before  
me this 20th day of November, 1947



Notary Public

In and for the County of San Diego,  
State of California

My commission expires August 31, 1949



REPORT OF THE COMMISSIONER OF THE GENERAL LAND OFFICE

FOR THE YEAR 1891

AND

FOR THE YEAR 1892

AND FOR THE YEAR 1893

AND FOR THE YEAR 1894

AND FOR THE YEAR 1895

AND FOR THE YEAR 1896

AND FOR THE YEAR 1897

AND FOR THE YEAR 1898

AND FOR THE YEAR 1899

AND FOR THE YEAR 1900

AND FOR THE YEAR 1901

*[Faint signature]*

*[Faint signature]*

Printed and bound by the  
Government Printing Office, Washington, D.C.



Approved and forwarded for publication  
by the Commissioner of the General Land Office,  
Washington, D.C., this 1st day of January, 1902.



MINUTES OF THE SPECIAL MEETING  
OF THE BOARD OF DIRECTORS  
OF CONSOLIDATED VULTEE AIRCRAFT CORPORATION  
HELD AT 12:00 NOON, THURSDAY, NOVEMBER 20, 1947

A special meeting of the Board of Directors of Consolidated Vultee Aircraft Corporation was held at the general office of the company in San Diego, California, at 12:00 noon, Pacific Standard Time, on Thursday, November 20, 1947, pursuant to notices duly given to all of the directors in accordance with the requirements of the By-laws. The following directors were present at the meeting and constituted a quorum for the transaction of business:

C. E. Groesbeck	Floyd B. Odum
Ben O. Howard	Richard C. Patterson, Jr.
Sydney R. Inch	William C. Rockefeller
Louis A. Johnson	Joseph H. Rosenberg
Oswald L. Johnston	V. C. Schorlemmer
I. M. Laddon	George H. Shaw
Emmett A. McCabe	Harry Woodhead
Donald N. McDonnell	

Messrs. Irving B. Babcock, Francis A. Callery, C. Coburn Darling, and R. S. Pruitt, former directors of the company, were also present by invitation.

Upon a motion made and unanimously carried, Mr. Harry Woodhead was appointed temporary Chairman and opened the meeting. Mr. W. M. Shanahan, Secretary, recorded the minutes.

1. It was announced that at the adjourned special meeting of the stockholders held at 11:30 a.m. November 20, 1947, the resignations of Messrs. George E. Allen, Irving B. Babcock, Neal Dow Becker, Francis A. Callery, C. Coburn Darling, Rudolph H. Deetjen, Victor Emanuel, J. Mason Houghland, and R. S. Pruitt as directors were received and accepted and Messrs. C. E. Groesbeck, Ben O. Howard, Sydney R. Inch,



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Oswald L. Johnston, Emmett A. McCabe, Floyd B. Odlum, Richard C. Patterson, Jr., William C. Rockefeller, and George H. Shaw were elected directors to fill the vacancies occasioned by such resignations, and to hold their respective directorships until the next annual meeting of the stockholders of the corporation and until their respective successors are elected and qualified.

2. It was next announced that the resignation of Mr. Irving B. Babcock as director automatically created a vacancy in the office of Chairman of the Board, and that it was therefore in order to elect a new Chairman of the Board.

Upon a motion made and unanimously carried, Mr. Floyd B. Odlum was thereupon elected Chairman of the Board. Mr. Odlum then took the chair and presided throughout the remainder of the meeting.

At the suggestion of the Chairman of the Board, and upon a motion made and unanimously carried, the consideration of the compensation, if any, to be paid to the Chairman of the Board was postponed until a later meeting of the Board of Directors.

3. The Chairman then stated that, although his election as Chairman of the Board of Directors made him ex officio Chairman of the Executive Committee, the resignations of Messrs. Victor Emanuel and R. S. Pruitt as directors automatically created vacancies on the Executive Committee and suggested that these vacancies be filled. After due consideration, the following resolution was adopted:

RESOLVED that the Board of Directors, pursuant to the By-laws of the corporation and the laws of the State of Delaware, appoint Messrs. Ben O. Howard and Sydney R. Inch as members of the Executive Committee to fill the existing vacancies.







11/20/47

4. The Chairman next stated that a need existed for the employment of an Executive Assistant to the Chairman of the Board and an Assistant to the Chairman of the Board, and suggested that Messrs. Ben O. Howard and Emmett A. McCabe, who for some time past have been devoting their time and attention to the business of the corporation, be appointed to these positions.

After consideration, a motion unanimously carried appointed Mr. Ben O. Howard as Executive Assistant to the Chairman of the Board and Mr. Emmett A. McCabe as Assistant to the Chairman of the Board.

There was next brought up for consideration the fixing of the compensation for the past and future services of Messrs. Howard and McCabe.

After due consideration, the following resolutions were adopted by the vote of all of the directors present except that Messrs. Howard and McCabe were recorded in each case as not voting on that portion of the resolution which pertained to the fixing of his own compensation:

RESOLVED that the compensation of Ben O. Howard as Executive Assistant to the Chairman of the Board shall be and is hereby fixed at the annual rate of \$36,000, commencing as of December 1, 1947, plus \$18,000 for services rendered to this corporation prior to December 1, 1947; and be it further

RESOLVED that the compensation of Emmett A. McCabe as Assistant to the Chairman of the Board shall be and is hereby fixed at the annual rate of \$17,000, commencing as of November 20, 1947, plus \$2,833.33 for services rendered to this corporation from September 20, 1947 to November 19, 1947; and be it further

RESOLVED that the Treasurer of the corporation is authorized to make payments to the foregoing employees in the amounts indicated, for their past services, and in monthly or semi-monthly installments for their future services at the rates of compensation set forth above until further action of the Board of Directors of this corporation.



The first part of the report is devoted to a general survey of the situation in the country. It is followed by a detailed account of the work done during the year. The report then goes on to discuss the results of the work and the progress made. It concludes with a summary of the work done and a statement of the conclusions reached.

The second part of the report is devoted to a detailed account of the work done during the year. It is divided into two main sections. The first section is devoted to a detailed account of the work done during the year. The second section is devoted to a detailed account of the work done during the year.

The third part of the report is devoted to a detailed account of the work done during the year. It is divided into two main sections. The first section is devoted to a detailed account of the work done during the year. The second section is devoted to a detailed account of the work done during the year.

The fourth part of the report is devoted to a detailed account of the work done during the year. It is divided into two main sections. The first section is devoted to a detailed account of the work done during the year. The second section is devoted to a detailed account of the work done during the year.

The fifth part of the report is devoted to a detailed account of the work done during the year. It is divided into two main sections. The first section is devoted to a detailed account of the work done during the year. The second section is devoted to a detailed account of the work done during the year.



11/20/47

5. It was then suggested that a committee on organization and compensation be appointed. After full discussion and consideration, upon a motion made and unanimously carried, a Committee on Organization and Compensation composed of Messrs. Woodhead (Chairman), Howard and Groesbeck was appointed.

6. It was next suggested that a committee on cost controls and budgets be appointed. After full discussion and consideration, upon a motion made and unanimously carried, a Committee on Cost Controls and Budgets composed of Messrs. Laddon (Chairman), Inch, and Rockefeller was appointed.

7. It was then stated that the possibility of selling the Stinson Division should be explored. After full discussion and consideration, upon a motion unanimously carried, a committee composed of Messrs. Bles, Laddon, Howard, and Rockefeller was appointed to explore the possibility of selling the Stinson Division, and to report its conclusions and recommendations to the Board at the next meeting of the Directors.

8. It was next proposed that Marsh & McLennan be appointed as the company's insurance broker. After discussion and consideration, a motion unanimously carried appointed Marsh & McLennan as the company's insurance broker, effective immediately.

9. It was then announced that rights covering the purchase of 928 shares of stock of The Nashville Corporation had been exercised as of November 19, 1947.

10. It was next proposed that the company make a Christmas payment to each employee on the payroll on November 29, 1947, in an



1875



11/20/47

amount similar to that which had been distributed to each employee at Christmas time in 1946, and for several years previously. After discussion, the following resolutions were unanimously adopted:

RESOLVED that the Treasurer of this company be and he hereby is authorized and directed to pay or authorize and cause the Division Controllers of the respective divisions of the company to pay to each officer and employee of the company on its payroll on Saturday, November 29, 1947, \$5.70 (including the withholding tax of \$.70) on or before December 24, 1947, and to charge the expense thereof in the accounts of the company for the fiscal year ending November 30, 1947; and be it further

RESOLVED that the authorization of this payment is not to be construed as committing the company to continue such or similar payments in future years.

11. Mr. Woodhead then reported on the operating conditions at the San Diego, Fort Worth, and Stinson Divisions. He also outlined the relationship between the staff and the divisions, and reported on the status of fixed-fee contracts and the backlog of orders.

12. A report on the current labor situation at the various divisions was next presented and discussed.

13. Mr. Laddon then reported on the progress being made on Models 240, XC-99, XC-46, B-36, and on various experimental projects. He also reviewed the changes which may be made on the Model B-36 airplane and stated that the Fort Worth Division has sufficient work to maintain the plant in operation for about 2 years. He further stated that the 1948 Voyager airplane will be substantially the same as the 1947 Voyager.

14. Mr. Howard next reported that the company will probably obtain a Certificate of Airworthiness for the Model 240 airplane without pressurization and heat anti-icing around November 30, 1947, and that a Certificate including these additional features should be received



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shortly thereafter.

He also reported favorably on the competitive standing of the Model 240 airplane and gave an encouraging estimate on the probable future sales of this airplane.

15. Mr. Laddon then reported that the roadable airplane had a satisfactory first flight of about 78 minutes and crashed on the second flight because it ran out of gas at the end of 70 minutes. He further stated that while the roadable section of this airplane was badly damaged, the damage to the flight section was less extensive.

16. Mr. Laddon next submitted a research budget and a preliminary design budget for the fiscal year 1948. After full discussion and consideration, a motion unanimously carried approved a research budget of \$66,450 and a preliminary design budget of \$286,000 for the 1948 fiscal year subject, however, to a review of these budgets by the Board of Directors in 3 months and a review with the Board of all specific preliminary design projects before extensive commitments are made.

17. It was next stated that unless we place orders very shortly for certain materials and accessories needed for the manufacture of Voyager airplanes, continuity of production would be interrupted. After discussion, a motion unanimously carried authorized the officers to release purchase orders aggregating approximately \$900,000 in value for materials and accessories required to maintain continuity of production of Voyager airplanes.

18. There was next presented a proposal to sell certain jigs, dies, tools, and special manufacturing aids for the purpose of improving the corporation's cash position, and to enter into a lease arrangement with the purchaser whereby these jigs, dies, tools, and special manufacturing aids would be leased for a period of 10 years with a provision for







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renewal periods. It was stated that the banks which are participating in the company's Credit Agreement dated February 1, 1946, may be asked to waive any rights as creditors to object to this sale if accomplished.

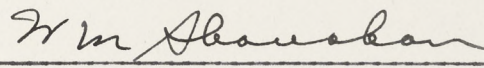
After full discussion and consideration, upon a motion made and unanimously carried, action with reference to the proposed sale of certain jigs, dies, tools, and special manufacturing aids and the proposed leasing of these jigs, dies, tools, and special manufacturing aids was left to the discretion of the officers of the company with authority to act.

19. The financial statements prepared by the Controller, including the Consolidated Balance Sheet at October 31, 1947, and Statements of Consolidated Income and Surplus for the 11 months ended October 31, 1947, were then received, discussed, and filed.

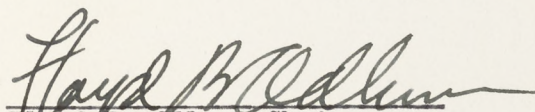
20. The Chairman next presented and read to the Board a letter which is to be sent to all employees of the company.

21. The members of the old Board of Directors then extended a welcome to the new directors and pledged their complete cooperation with the new directors and with the Chairman of the Board.

22. There being no further business to come before the meeting, it was thereupon adjourned with the understanding that the next meeting will be held at a date to be fixed by the Chairman of the Board.

  
W. M. Shanahan, Secretary

Approved:

  
Floyd B. Odum, Chairman



The first of these is the fact that the  
 of the world's population is increasing  
 rapidly, and this is a fact which  
 must be taken into account in any  
 plan for the future. The second is  
 the fact that the world's resources  
 are being used up at an alarming  
 rate, and this is a fact which  
 must also be taken into account.  
 The third is the fact that the  
 world's climate is changing, and  
 this is a fact which must also  
 be taken into account. The fourth  
 is the fact that the world's  
 political situation is becoming  
 increasingly unstable, and this is  
 a fact which must also be taken  
 into account. The fifth is the fact  
 that the world's economy is  
 becoming increasingly unstable, and  
 this is a fact which must also  
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 is the fact that the world's  
 culture is becoming increasingly  
 unstable, and this is a fact which  
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 the fact that the world's recreations  
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 twentieth is the fact that the  
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